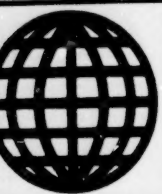


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FEDERAL REPUBLIC OF GERMANY

Kohl on Relations With Soviet Union, East Bloc
36200166b Munich SUEDEUTSCHE ZEITUNG
in German 10 Jun 88 p 2

[Excerpt] Chancellor Helmut Kohl (CDU) has planned on opening to a "new page" together with Soviet Communist Party General Secretary Mikhail Gorbachev in German/Soviet relations. On Thursday in Bonn Kohl, therefore, renewed his offer to Moscow of close "broad scale" collaboration.

The chancellor expects "many concrete projects" as a result of his trip to the Soviet Union, which is to take place the last week of October, and from Gorbachev's visit to Bonn, which is planned for the beginning of 1989. He would consider it a success if, following the "visitor exchange," both sides were to "take" each other "seriously." With that, Kohl apparently alluded to several past disagreements with the Moscow leadership, the most recent one regarding the purpose of the Soviet General Secretary's visit.

The chancellor referred to his own government's "exceedingly successful treaty policy" with the Warsaw Pact states since 1986. With the Soviet Union alone, 11 agreements and treaties have been concluded; it is Kohl's opinion that they should be followed by additional ones as quickly as possible. Still for this year he expects the conclusion of an environmental protection treaty. As far as working towards the goal of making nuclear plants safer, the chancellor said that Bonn wished for cooperation with the Soviet Union. He also said that economic relations could be "substantially improved." However, Kohl declined to answer the question of whether new credits were to be granted in accordance with that.

While the chancellor in general referred positively to German/Soviet relations, and believes in an "epoch of greater continuity" following the Reagan/Gorbachev summit, he appeared rather restrained with respect to relations with Poland. Kohl did confirm that he still plans a trip to Warsaw. But at the same time he stated that there were problems "on both sides" as far as the realization of a visit before the end of this year was concerned. "We are not ready in our negotiations," the chancellor declared. He would travel to Poland only if the visit could be a success.

According to Kohl, the problems are not only in the "monetary sector." He used the word "propaganda," and with that he probably meant repeated accusations from Warsaw that there are vindictive tendencies within the union parties. Chancellor Kohl, who is also the CDU party chairman, stated that both sides had reason to "look at their past actions." He called for "mutual respect." At the same time Kohl reaffirmed Konrad

Adenauer's 1949 avowal that a reconciliation must be sought, especially with "France, Israel and Poland." "I am of the same opinion, 39 years later," said the chancellor.

9328/08309

Kohl's Leadership Style, Decisionmaking Viewed
36200150 Munich SUEDEUTSCHE ZEITUNG in
German 26 May 88 p 3

[Article by Klaus Dreher: "Governing Without Much Discussion"]

[Text] Bonn, 25 May—Friedheim Ost already has the day when "the score" will be finished firmly in his sights. With his borrowing from the world of music, the government spokesman, whose job is to provide voices and atmosphere for his chancellor, is alluding to the "great tax reform," the passage and publication of which in the Bundesgesetzblatt [Federal Legal Record] is planned for the end of June. "If," Ost jubilates with joyful anticipation in his voice, "the fine ladies and boys choir" praises the work with one voice, the coalition could go into the next elections relaxed and confident.

The cause of the exalted mood, which is beginning to spread following months of painful debate within the government camp, can be found in the fact that, as the secretary of state puts it, the politicians responsible "have enthusiastically attacked the work of reform." Since the CDU/CSU and the FDP have been driven by this creative joy, the voters' approval of the government coalition appears to be increasing. The public opinion specialists in the government press office note with satisfaction that the chancellor, who has been lagging in the public's favor behind Hans-Jochen Vogel for weeks, is again ahead of his challengers by a "clear margin." Helmut Kohl has been so uplifted by this that he is now beginning to hope that he can attack the last remaining reform in this legislative period, pension reform, together with the chairman of the largest opposition party, a futile hope that was not fulfilled with health reform.

Even Occasional Discussions

Still, both sides are conceding that the chancellor and Vogel, who avoided each other in the first years of Kohl's time in parliament, are now talking sensibly with each other. One of the government party participants in the discussion from the SPD party leadership complains that a "structured political dialog" with Kohl was impossible. He adds that Kohl had "something monarchical" about him—an association which causes a cramp in the mid-section among tradition-conscious Social Democrats. In fact the chancellor, if he could, would rule the SPD as well at the same time. He already controls individual figures in the party to the extent that they are dependent on his goodwill. Kohl has arranged that the SPD will not have a European Commissioner but, as compensation, it

will be granted a position in the European Supreme Court. When negotiations were being conducted on the "working level" between Chancellor's Office Minister Wolfgang Schaueble and the parliamentary leaders of the SPD about the new appointments to the Constitutional Court, the discussants on both sides believed they could arrange it so that Schaueble had to consult with the chancellor each time before he could agree to a "deal."

Kohl thinks he can be fairly certain of the SPD's agreement on pension reform because, as he puts it, "the new formula goes far into the next century." When the blessings of the reform take effect, around the year 2010, "I will not be chancellor any more," Kohl comments occasionally to party friends and he enjoys seeing them twitch visibly at the thought of having him around for a long time to come. There are still five regular legislative sessions before that year comes round, and Kohl, if he were to live to see it, would be 80 years old. If his plans for the future do not extend quite so far, he still makes his calculations in long periods of time. At this time only two government leaders in the FRG have been chancellor longer than he, Konrad Adenauer and Helmut Schmidt. If Kohl reaches the end of this legislative period in 1990, he will have surpassed Schmidt. And only one man—Willy Brandt—was chairman of a party at the federal level for longer.

It mitigates Kohl's feelings of inferiority on this point that he can celebrate a full party anniversary in mid-June. On 12 June 1973, Kohl was elected as Rainer Barzel's successor at the 21st CDU Bundestag conference in Bonn. So on the day when the party committees convene to prepare for the 36th party conference in Wiesbaden, he will have been CDU chairman for 15 years—an achievement he believes will not be easily matched by anyone dealing with this difficult party. Kohl intends to govern at least as long. He can attribute the fact that he has endured until now, against all predictions, and is currently in the chancellor's seat unopposed in his party, to his robust nature, his steady nerves and his endurance. In all the confusion, as one of his colleagues notes, the chancellor was "in good spirits and in a harmonious frame of mind."

Another reason why those who work with Kohl say that, in comparison with his predecessors, they are dealing with a chancellor who has "a strong position," is the way in which he implements personnel policy. Government spokesman Ost recently tried to sound out Kohl with the question about what answer he should give to journalists who asked him about the chancellor's plans for shuffling the cabinet. Kohl advised Ost to say that he, the chancellor, "attributed this nonsensical talk to the early heatwave." Ost's predecessor, Peter Boehnisch, had been on the receiving end of answers of this kind. He reported that Kohl reacted to inquiries from the spokesman about what explanations should be given to the press on particular topics with the answer: "My preference is none at all."

Kohl draws up his personnel ensembles alone, since he has been making policy in positions in which he can distribute power, money and influence. He leaves nothing to chance and nothing at all to those who should really be making the decisions. In October 1982, when he was elected chancellor, Kohl had his cabinet list drawn up in his head, right down to the secretaries of state. If he now admits that he committed "errors in the area of personnel policy" in those months when he had imposed "unprecedented time pressure" on himself, it is equally true of erroneous decisions when he had ample time to deliberate. One of these errors was regarded to be the appointment of his school friend Waldemar Schreckenberger to the post of head of the chancellor's office, who subsequently was not up to the position. Even when Kohl recognized the error in the appointment, he remained true to the saying: "Kohl abandons no one." Schreckenberger is still in the Chancellor's Office with the rank of a secretary of state, entrusted with a mass of routine tasks, and only the PPP press service, which has ties to the SPD, is still speculating that a position is being sought for the professor. If he wants to, Schreckenberger will reach the age of retirement in the Chancellor's Office.

Just as Kohl rewards loyalty, he wreaks vengeance on those who are guilty of disloyalty towards him. This system of reward and punishment is part of the authority that the chancellor wields in his party and, with limitations, beyond the borders of his party. The strict command—which forms a contrast to the more gentle image that Kohl presents when he is questioned on television "face to face"—ensures rigid discipline in the hierarchy of the section of the government made up of the CDU. In addition there is his almost morbid distrust of indiscretion. It became pronounced in the time when he was leader of the opposition and when he was so firmly convinced that his telephone was tapped that he asked the Office for the Protection of the Constitution to search his office in the Bundeshaus for bugs—to no avail, of course.

It has always been difficult for Kohl to allow those participating in a discussion whom he considers incompetent to finish speaking. In the observation of politicians who are with him frequently his impatience has increased. Friends in the party complain that Kohl does not listen properly any more. He interrupts his partners every third sentence and is stubbornly insistent on knowing better and being in the right.

It is certain that recently Kohl has tended increasingly to make "solitary decisions." Previously he discussed new entries to the cabinet (such as the appointment of Walter Wallmann, Rita Suessmuth and Klaus Toepfer) with CDU Secretary General Heiner Geissler, who often found the candidates for him. But the appointment of Rupert Scholz to the post of Minister of defense is in fact a decision that Kohl made without consulting anyone. He certainly discussed his choice with others sub rosa, for example with Bundestag president Philipp Jeninger

during an Easter stroll in Badgastein. But he did not ask them. In Geissler's case there were special circumstances: Kohl had, as informed sources maintain, "pressured and pressed" his secretary general at the end of last year to come to the Hardthoehe. Geissler knew as well as anyone else that Kohl did not want him in the cabinet for his expertise—Geissler, like Kohl and Scholz, is one of the "white generation"—but because he wanted to use flattery to remove him from the post of secretary general, where Geissler had become much too independent for Kohl's liking.

If Kohl has gained some freedom of movement for himself in the area of personnel policy which no chancellor before him has had, he has also created a work style that strengthens his position of power because no one else can penetrate the method by which he governs: Kohl plans work on the bigger legislative undertakings so that he is the one who sets the terminal point, that is the day of passage by the Bundestag and the Bundesrat. Afterwards, he convenes the discussions using a method that he alone determines and that Schaeuble has to execute. Sometimes the secretary generals from the CDU and the CSU are present, on other occasions not. Often Geissler does not find out until afterwards that a topic was discussed in which he had an interest from the beginning. None of the coalition politicians involved in the legislative process knows precisely who negotiated what at what moment in which stage of discussion.

Extremely Shy in Front of the Camera

The chancellor is unwilling to become involved in discussions of facts or principles. He does not allow them very often even in the committees that he heads. He knows the people and knows how they think and so he determines the course of the factual discussion simply with the composition of the advisory sessions. To this extent Otto Graf Lambsdorff hits the mark exactly when he argues that the decisions were not made in the cabinet and so he would prefer to remain outside. Those who are involved in preparing the cabinet sessions go even further and claim that Kohl would never allow a matter into the cabinet that had not already been decided.

In Kohl's small cosmos Kohl is jealously on guard to see that no other star shines more brightly than Kohl's own. Anyone sinning against the fraternity code is summoned to the fencing room—preferably with the entire group present. Less serious failings, particularly in the human sphere, are met with teasing comments, because no one is free of them, not even the chancellor. Kohl's handicap is the way he presents himself: workers at CDU central office, the Konrad-Adenauer House, which is gripped by a mood of panic before every television appearance by Kohl, think they have discovered the reason why the chancellor is so uncomfortable with the medium that has such an influence on public opinion. One of them believes Kohl is "extremely reluctant to reveal his inner feelings in front of the camera," yet there is "simultaneously a great urge to present himself in public."

9581/08309

Comment on Genscher's New Image as 'Propagandist' 36200166a Bonn RHEINISCHER MERKUR in German 20 May 88 p 1

[Text] Max Weber coined the term of the "trained ruthlessness in viewing the realities of life." In his opinion, it is the mark of the kind of politician he, Weber, loved to analyze. Well, we see just such a politician in Hans-Dietrich Genscher. With great bravado he has integrated the "realities of life" into a survival strategy for himself and for his party, the FDP. Only a born power broker can maintain top positions so successfully. When the FRG celebrates 40 years of its existence in 1989, Hans-Dietrich Genscher will have been a cabinet member in Bonn for one-half of that time, 15 years of it continuously as foreign minister. A phenomenon.

But it is also a phenomenon that Genscher, who one would like to think of as having Machiavellian talents, has recently denigrated everything that has anything to do with power politics. The German public has not as yet become fully aware that its foreign minister has apparently begun his second life in these times of the Gorbachev Era—the former realist politician has transformed himself into a revolutionary of the "New Thinking." This is no everyday event; rather, it is exactly what Genscher himself has time and again tried to define as "political diplomacy." On 20 April, he stated in Hamburg: "Also when we judge Gorbachev's seriousness as far as working with us constructively, we should not invest any less confidence. To always attribute the worst conceivable alternative renders one politically inept and incapable of cooperation."

This accommodating gesture towards the indeed remarkable events in the Soviet Union contrasts oddly to a hardening of Genscher's attitude toward certain groups and opinions within the FRG, of which he finds that they impede the "New Thinking." One becomes wary when a man, who for years has convincingly stood for the basic Harmel philosophy—security and collaboration—suddenly adorns himself with the magic charm of "collaboration" in order to cast a shadow on those poor devils whose duty it is to deal with war scenarios, i.e., with security. Here, too, the language is revealing. "Always to attribute the worst conceivable alternative," Genscher said in Hamburg. But who does that, "always?" Here he applies rhetorical means of exaggeration to the opposing position in order to render his own more effective. A classic case of political discrimination.

On 30 April, at the party congress of the Bavarian FDP in Berchtesgaden, the minister urged "modernization of thinking" and chided those "who daily think out loudly about the modernization of weapons systems." "Daily" and "loudly." Someone should be brought forth! Whoever pursues a security policy, as Genscher stated on 9

October 1987 in St. Paul, Minnesota, U.S., is at a minimum under suspicion of "merely paying attention to autonomous military endeavors."

This uneven division of both Harmel-parts between the CDU/CSU and the FDP segments of the Bonn coalition has become such an intrinsic part of the German consciousness that a well-known national daily recently admonished that it is the union party's duty to maintain "a sober view of the realities" and "continued defense readiness." "The office of the chancellor and parliament must establish a realistic policy and win the population over for that policy, as a balance to the principle of hope in the foreign office, as it were." To be sure, the paper continued, Hans-Dietrich Genscher would like that: rather than pursue the dreary business of a "realistic policy," he would prefer to cultivate the "principle of hope."

The only problem is: the union cannot engage in such a division because it would have to expect that its "scope of responsibilities" would be tabooed, ostracized, crippled by the principle of hope in the Foreign Office. Neither does the national interest permit the division of a document as the Harmel Report. If the report, seen as fundamental by the entire nation, were to be degraded to a mere plaything of domestic policy as described, then the agreement between government and opposition regarding defense policy, which even today no longer really exists, would be highly endangered even within the coalition. As it is, the foreign minister, with his cleverly used rhetoric, already limits the possibilities of a "realistic policy," something a country as important as the FRG must not be deprived of under any circumstances. The wish to "play down the enemy threat" is an awful business. The very moment in which this is proclaimed to the East, new enemies are formed within one's own society. Does the chancellor perceive this development? For what was Rupert Scholz sworn in in the lower house this week? For a chance to be made a fool of, with his responsibility for the country's security?

It is immensely admirable how cleverly Hans-Dietrich Genscher employs his rhetorical finesse even in other areas of foreign policy, in order to discredit the union's "reality" part. When, e.g., the CDU/CSU's foreign policy commission at its Lake Starnberg retreat considered the question of whether the FRG, together with other nations, might at some point carry out certain defense functions in military hot spots (possibly the Persian Gulf), the foreign minister declared over the radio the very morning the report about the seminar appeared in print: "It cannot be our role to make ourselves a world gendarme...to act as military security police."

Even the mere mention of a foreign policy hypothesis causes the minister in charge to invent a new enemy picture, to which he immediately attributes anathemas such as "world gendarme" and "military security police." Here, we fear, Max Weber's saying no longer

applies to Hans-Dietrich Genscher, because in the meantime he appears to have lost "the trained ruthlessness of viewing the realities of life;" he flees into a dream scenario of his own making.

In such instances "reality" is merely a recourse to prevailing domestic moods: it is true that Genscher permanently focuses on those, considering that for the past 14 years he has been, in reality, a politician of domestic affairs serving in the foreign office. But it becomes more and more doubtful whether the areas of mutuality, which still do exist between the CDU/ chancellor and the FDP foreign minister in foreign policy objectives, are not degenerating to the kind of illusionism that Hans-Dietrich Genscher meanwhile likes to expound in crucial areas of foreign policy. Anyone who attributes such phrases and flourish to necessary thinking about foreign and security policy contexts comes close to disqualifying himself. No degree of admiration for Genscher, the tactician, can wish away the realization of his growing lack of strategy.

As we stated in the introduction—most disquieting is the fact that he dismisses power politics without any kind of rational justification. At the above-mentioned Bavarian FDP congress, the foreign minister stated: "We must declare our opposition to the temptation of power politics," and that "worldwide opposition to the death penalty and torture, to persecution and human rights violations" is "fundamental for a liberal understanding, as is a renunciation of power politics and hegemony." And again the blatant manipulation with words: the concept of "power politics," which is definitely worthy of discussion, is put into a negative light by association with a thoroughly negative term (hegemony). It is hard to know what should cause one more concern: his lack of analytically definitive dealing with a central concept of foreign policy, which can be an important instrument in securing peace, or the possibility that the minister no longer even comprehends or wants to acknowledge the expansion of power for different purposes by other powers.

In either case: If this is the price to be paid for the fact that Hans-Dietrich Genscher has, after 14 years, become entrenched in the routine exercise of the power of his office, then the price is too high. Then the high act of politics degenerates into mere cosmetics, and the office loses dignity. A sad result of a political passion.

9328/08309

Emnid Opinion Poll on Status of SPD (Part 2)
36200179 Bonn VORWAERTS in German
28 May 88 pp 10, 11

[Unattributed Article: "Lafontaine Propositions—Controversial: Yes; Damaging: No. VORWAERTS Reports on Public Opinion Concerning SPD Relations With Trade Unions"]

[Text] Proposals made by Saarland's Minister President Oskar Lafontaine to insist on cutting back working hours in certain areas even without full compensation is still

causing quite a stir among Social Democrats and Labor—even after the SPD/DGB summit in late April. For this reason, Labor and SPD Party leaders are getting together early next week for a renewed discussion of the situation.

A representative opinion poll sponsored by "Vorwaerts" and undertaken by Emnid, found that many SPD politicians and Labor officials worry needlessly that the dispute over Lafontaine's propositions has damaged the image of both organizations.

The survey of 806 citizens was concluded on May 15 and showed that 58 percent of the population does not believe that the SPD and Labor parties have to cooperate all the time. Exactly half of all SPD members and a surprising 55 percent of the Labor party members share this opinion.

On the other hand, 48 percent of the citizens think the SPD tolerates too much meddling by the Labor party. Forty percent disagree; 12 percent offered no opinion.

Needless to say, SPD supporters answered this question less critically. Thirty-five percent think that the Labor party "meddles too much"; while 59 percent disagree. Labor party members show similar results: 39 percent accepted the statement that the Labor party has too great an influence on the SPD; 51 percent disagreed.

Overall, though, citizens seem to feel that the Social Democrats are too closely allied with the Labor party. Sixty-four percent think that in the future the SPD need not make additional allowances for the employer's organization; only 23 percent advocate an increased consideration by the SPD for the Labor party. Fifty-nine percent of Labor party members are also content with the status quo; only 32 percent think the SPD should pay more attention to the Labor party.

In the case of cutting working hours without full compensation, the SPD's differences of opinion are apparently representative of the disagreement among the population as a whole. A very slim majority of 47 percent is siding with Oskar Lafontaine, while 46 percent reject his propositions. Interestingly enough, only 7 percent have no opinion in this matter.

Another interesting sidelight shows that more men (49 percent) than women (45 percent) think the SPD should push for a cut in working hours without full compensation. Advocates of Lafontaine's propositions are the most likely FDP supporters (58 percent), Union supporters (53 percent), the over-60 population (53 percent), and those between the ages of 30 and 44 (49 percent). Among SPD supporters, 48 percent back the move by the minister president from the Saarland, while 47 percent oppose it. The DGB camp shows the greatest difference of opinion: 44 percent for, 52 percent against Lafontaine.

Employers should be pleased with another survey result, namely that those labor unions that fight flexible work hours cannot expect much support from the population.

Emnid found that 82 percent of those surveyed think the SPD should support flexible working hours, 12 percent disagree. This percentage climbs to 87 percent among voters favoring the SPD. Labor also shows a higher than average advocacy with 84 percent.

In another controversy with the Federal Government, the Union of Workers in Commerce, Banking and Insurance (HBV) is expected to encounter difficulties. Emnid found that exactly half of the population favors a change in the laws regulating store hours. Only 43 percent recommend that the SPD join forces with the HBV to fight against longer store hours. SPD and DGB supporters also disagree. Forty-eight percent of SPD supporters want to see the law changed (49 percent of DGB supporters), 50 percent are opposed (among the DGB, 46 percent).

Nobody challenges the fact that the SPD is still the strongest champion of labor and trade union organizations. The "Vorwaerts" survey shows that 83 percent believe it is the SPD that comes out the strongest for labor unions, while only 4 percent believe the same thing is true for the CDU/CSU.

Similar results characterize the question of involvement with employee interests. Seventy-three percent give a leading edge to the SPD, only 15 percent mention the CDU. Fifty-nine percent of the population credit the SPD for having come out the strongest for the unemployed. Here too, the CDU/CSU trail behind with 14 percent.

Most of the population also believes that the SPD is the strongest champion of women's issues. Fifty-four percent named the SPD, and 16 percent the CDU/CSU. It is noteworthy that more men (58 percent) than women (51 percent) credit the SPD with the greatest competency regarding women's issues. The reason is—according to women politicians—that the campaign by CDU Minister for Family Affairs Rita Suessmuth has caught on, especially with women.

The SPD also scores in matters of interest to senior citizens. Forty percent of all voters say it is the SPD that cares the most about the needs of older people; only 27 percent mention the CDU in this respect. The same values apply with regard to youth-oriented issues. Here too, the SPD has a lead of 35 percent and does especially well among the younger generation. Forty percent of the 18-29 year olds say the SPD is the party most competent to deal with youth issues (24 percent mentioned the CDU); among the 30-44 year olds, 39 percent credited the SPD, 17 percent the CDU. However, a sizeable portion of the population seems to lack a clear grasp of either party's youth policy. Consequently, 39 percent had no opinion on the issue. The SPD has a strong lead

(49 percent) as the party most ready to speak out for the poor (CDU: 13 percent). This is especially the opinion among the younger generation (58 percent).

And how about the CDU? A majority of citizens see this party as an advocate for mainly four groups: the self-employed and entrepreneurs (83 percent), high-income people (80 percent), the armed services (70 percent), and the police (62 percent).

"Vorwaerts" also asked Emnid to find out about the degree of popularity of leading Social Democrats. The best known Social Democrat is still Honorary Party Chairman Willi Brandt (99 percent), followed by Helmut Schmidt and Hans-Jochen Vogel (both with 98 percent). Forth place belongs to Johannes Rau (97 percent), fifth to Oskar Lanfontaine (96 percent), followed by Bjoern Engholm and Herbert Wehner (both 95 percent). Next comes Hans Apel (91 percent), then Annemarie Renger (90 percent), Anke Fuchs (87 percent), Horst Ehmke (86 percent), Erhard Eppler (83 percent), Peter Glotz and Hans-Ulrich Klose (both 70 percent), Gerhard Schroeder (62 percent), Heidemarie Wieczorek-Zeul (53 percent), Herta Daeubler-Gmelin (41 percent), and Hermann Rappe (36 percent).

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FINLAND

Paper Views Social Democratic Party's 'Identity Crisis'

Constituency Dwindling With Prosperity

36500143 Helsinki HUFVUDSTADSBLADET in
Swedish 28 Jun 88 p 2

[Editorial by Bo Stenstrom: "Social Democratic Identity Crisis"; first paragraph is HUFVUDSTADSBLADET introduction]

[Text] The Social Democratic Party will not regain lost ground by strengthening its labor party profile, in Bo Stenstrom's opinion.

Paavo Lipponen had no sooner tried to demolish an "establishment" behind Kalevi Sorsa than the press in midsummer was again full of interviews dealing with the lost identity of the Social Democratic Party.

Sorsa was interviewed in KANSAN UUTISET, party secretary Ulpu Iivari in DEMARIS EXTRA and party leader Pertti Paasio in ILTALEHTI.

The role of the party leader was a prominent theme, of course, but all three interviews were mainly concerned with what Iivari called "an obvious identity crisis."

With regard to the repercussions from the party leader switch, Iivari thinks the change occurred so quickly that it left internal tension in its wake. Paasio must seize the party helm but optical features (such as becoming a minister) are not enough.

Paasio himself tried to stop matters there by saying that the party would certainly have notified the president if there had been anything to tell him about.

Paasio was not shaken up by the results of a single poll—since last winter the polls (published as well as unpublished) have shown that support for the party, which used to lie around 25 percent, has dropped to a new level of 21-22 percent.

That is the same level where both the Conservative Party and the Center Party can be found, close to the magic 20-percent mark, even though in 1983 the party was hoping to exceed the dream level of 33 percent.

There are many explanations. Before the last parliamentary election a brain trust of Social Democratic political scientists maintained that the SDP is now suffering from structural change. An indestructible explanation is that supporters cannot distinguish between the party and state power, between party demands and goals and government compromises.

SDP supporters have not accepted the message that Conservatives are easier to deal with than the Center Party as far as reforms are concerned.

Perhaps the agrarian element in the SDP-Center combination prevented the Social Democrats from pushing through reforms that their supporters don't like.

The two red-blue reforms have not turned out well. The labor market reforms were not a trump card for the Social Democrats.

The party has been totally unable to sell its voters on tax reform. But it has bound its fate to the government and the reform. If the government splits up over tax reform it will be the end of its own renaissance and that of the Social Democratic Party.

There are complex contradictory pressures on the Social Democratic Party.

Loyal members and voters who work in heavy industry are seeing the work of a lifetime destroyed by structural change.

They have invested in their own homes in places where the family no longer has any future. Their homes and summer houses may no longer have any value. This can be seen as a counterpart to the rural voters who elected Vennamo.

On the other hand there are the SDP voters in the new middle class who feel the party is dragging its feet, in spite of the fact that it has changed more than any other party since the 1970's when the SDP was a strong believer in collectivist legislation.

On the third side of the Bermuda Triangle of the SDP identity we find the young voters who are drawn to the Greens—or perhaps to a reconditioned Finnish People's Democratic League [DFFF].

The SDP cannot assist unprofitable smokestack industries. The government agreed to stop trying to keep dying companies alive artificially with state subsidies.

Voters who belong to the new middle class have above average incomes and benefit from a widening of the income distribution gap, whether they admit it or not. This is also true of a growing number of people who might fit into the category of ideologically angry young men and women. This blunts the debate about the groups that are really vulnerable.

Young Green sympathizers view the SDP as an integrated part of the state. No matter how much the party professes views similar to those U.B. Lindstrom has expressed in HUFVUDSTADSBLADET, they are mangled in the extensive and difficult budget negotiations where such things as inflation and tax reform put pressure on the party's finance minister.

The trio referred to above is seeking the party's roots. They point out that both the Conservative Party and the SDP are wage-earner parties, but that the SDP is a working-class party.

Sorsa has expressed daydreams about a single working-class party. He looks back nostalgically to the Social Democratic Party before 1917. It split up over attitudes toward the principles of parliamentary government and reformism. Today revisionism has triumphed in Finland.

In 1917 the SDP was a revolutionary party in a different historical situation with untested options for the future. Sorsa made no concrete proposals.

The everyday world comes out in the interview with Ulpu Iivari. The SDP does not take the DFFF into account. That is the SDP's traditional attitude and there is no reason to change it. There is no room between the SDP and the Finnish Communist Party.

When Liberals in Italia's day sold the Liberal Party [LFP] as the "party of the middle class," the middle class did not want to be middle class. If the SDP tries to revive and reinforce its identity as a working-class party, the SDP's market niche in party politics will hardly expand. The working-class identity is declining.

It is evident that a party has to be a big one for as long as the Swedish brother party has been in order to maintain its standing in the long run

Communists' Chief Rejects Overture

36500143 Helsinki HUFVUDSTADSBLADET in
Swedish 29 Jun 88 p 2

[Editorial by Bjorn Mansson: "No Response to SDP Overtures"; first paragraph is HUFVUDSTADSBLADET introduction]

[Text] The repeated overtures SDP leaders have made to the left are a desperate attempt to offset the government cooperation with the Conservatives, according to Bjorn Mansson.

As expected, Communist Party boss Jarmo Wahlstrom was friendly but firm in declining Kalevi Sorsa's visionary proposal to unite the Social Democratic Party and the Finnish CP in a "big old-fashioned democratic labor party."

In a statement to KANSAN UUTiset yesterday, Wahlstrom first said somewhat enigmatically that "any constellation at all might be possible in the future," but quickly added that "a joint labor party appears to be an impossible idea at present."

Thus the dialogue between Sorsa and Wahlstrom was a repetition of the recent dialogue between the SDP leader, Pertti Paasio, and the DFFF boss, Reijo Kakela. Paasio presented the idea of including the DFFF in a government that would otherwise have the present makeup, but Kakela declined.

As President Koivisto has also noted, the suggestion was poorly prepared. Before publicly offering any kind of cooperation, it is preferable to make sure in advance that the invitation will not be flatly rejected.

The politically interesting question is why SDP leaders suddenly feel such an urgent need to court the left. The government cooperation with the Conservatives, initially proposed by Sorsa and later accepted by Paasio, directly contradicts the courtship of the left wing.

Apparently the contradiction also provides an answer to the question: fearing that government cooperation with the Conservatives will erode voter support, the SDP leadership is trying to make up for it with overtures to the other side, even if they are somewhat abstract.

The balancing act seems to follow the motto that "we are cooperating with the Conservatives, but we would really rather work with the left wing."

However the attempt appears tragicomic and quite desperate.

After last year's election, in which the Conservatives and the Center Party (as well as the Swedish People's Party [SFP]) were the big winners, the SDP flatly rejected the idea of a government made up of the so-called big three. A major argument, which had the authoritative support of the president, was that such a base would be too broad.

Just a year later, the party leader, Paasio, loudly applauded by his predecessor, Sorsa, has come up with the idea that the DFFF could be included in the government. As if this base would be that much narrower; if the SFP and the Finnish Rural Party [FLP] are still included, it would actually be almost as broad as a straight "big three" model!

It would be hard to find a more artificial government base than Conservative-SDP-DFFF. Unless the main idea is to keep the Center Party out at any cost, of course.

Sorsa's vision of the future with one big united left-wing party is just as far-fetched. And note that Sorsa was talking about a merger of the SDP and the Finnish CP, not the DFFF. It is not in the SDP's strategic interest to admit that any left-wing socialist alternative exists between the Social Democrats and the Communists.

Sorsa says he presented the idea "in jest, but not entirely in jest." However he explained his train of thought in a way that makes it impossible to dismiss it as just a (crude) joke.

Widely-traveled as he is, Sorsa must have been thinking of countries where the Social Democratic Party is the big dominant left-wing party and the Communists play a marginal role. We really don't have to go any farther than Sweden to find an example.

Apparently the SDP has begun to realize the sordid fact that by itself it cannot muster more than around half of the electoral support achieved by its Swedish counterpart. The SDP has not even benefited from the votes lost by the DFFF and the Finnish CP.

Thus it is important to start looking around for new possibilities, and what is more obvious than a political structural change of the Finnish left wing, dominated by—guess who!

But Sorsa is ignoring the historical tradition of the Finnish left wing, which differs strongly from that of its Swedish counterpart, for example:

The partially shared roots of Finnish and Soviet communism, the continued proximity to the Soviet Union and the Soviet CP, the marks remaining from the civil war on the divided left wing, the cooperation of the Social Democrats with the nonsocialists both before and

after the war to suppress communism, the effects of the war and, not least, the regional "division of labor" between Social Democracy in the south and communism in the north.

Naturally some of these traditions will fade into historical oblivion, but it is hard to imagine this happening in the near future.

Sorsa also cites international indications that communism and Social Democracy have moved closer to each other. The disturbing element of his "revisionist" thesis that real socialism is moving closer to Social Democracy can hardly be surpassed even by many of Gorbachev's critics back home.

Naturally Jarmo Wahlstrom dismisses this theory and feels that perestroika is more a question of socialism than of Social Democracy.

Wahlstrom also refers to the SDP's "practical politics" as a barrier to any thought of a merger. He does not mention the government cooperation with the Conservatives, but it must have been one of the things he had in mind.

Another thing he doesn't mention is that Sorsa's idea of a merger is in direct conflict with the new DFFF leadership's plans for a broad so-called left-wing union. The express idea is to assemble a mutual front of the forces to the left of the SDP.

Not, like Sorsa, to try and wipe out the dividing line between Social Democracy and communism.

06578

Social Democrats Worry Conservatives Sharpening Profile

36170079c Helsinki HELSINGIN SANOMAT
in Finnish 27 May 88 p 6

[Text] Leaders of the Social Democratic Party (SDP) have begun to see in the Conservative Party's activities a sharpened right-wing profile. Thursday morning, the SDP party committee discussed whether the undertakings of the coalition partner are planned ideological policymaking or ordinary petty politicking.

Social Democrats see Chairman Ilkka Suominen's speech Wednesday at the Conservative Party council as the freshest example of profile sharpening. Suominen attacked the housing policy of the Social Democrat minister of environment.

The Social Democrats are also galled by the way in which the government's environmental policy report was prepared, and stored away in their memories is Suominen's prompt statement by which the charter-tax effort was shot down.

SDP people also claim that Jarmo Heinio, secretary to Conservative Prime Minister Harri Holkeri, "tried last fall to get the environment report past the speaker of the Parliament and the minister of environment.

The Social Democrats also reproach the Conservative Party for being "in cahoots with the TKL [Central Federation of Industry] and the MTK [Central Federation of Agricultural Producers]" during the initial preparation of the report. The first draft passed through the hands of the TKL and MTK just as it did during the worklife reform, say the Social Democrats.

Preparation of the report turned in a direction satisfactory to the Social Democrats when Foreign Trade Minister Pertti Salolainen (Conservative Party) intervened in the matter. At the informal session Wednesday evening, according to Social Democrats, Salolainen was also able to turn the Conservative Party's standpoints in a direction satisfactory to the SDP ministers.

The content of the environment report was approved at the evening session, and the report will be given to the Parliament next Tuesday.

The SDP party committee did not proceed to condemn the Conservative Party on Thursday. The SDP decided to wait and see how its coalition partner behaved. Key SDP Ministers had affirmed that the Conservative Party's leaders still stick to the idea that the Conservative Party is the wage earners' party.

The Social Democrats said, however, that on a suitable occasion they had pointed out to Heinio that he should not mess around with the timetables of the government and Parliament by bypassing the speaker and the ministers.

The SDP party committee also discussed the communists' internal situation. No need was seen to adopt a stand. It was emphasized at the meeting that the SDP still wants to discuss issues directly with the Communist Party, and does not want a third wheel in between. The Finnish People's Democratic League (SKDL) was suspected of being such a third wheel if it were made into a "Leftist Alliance."

On the other hand, the statements of new SKDL General Secretary Salme Kandolin seeking cooperation have been carefully and favorably noted in the SDP.

The party committee was supposed to take up tax reform again on Thursday, but no time was left for that. The party committee will hold a thorough debate on taxes sometime before midsummer.

Chairman Pertti Paasio wants to proceed cautiously and very carefully on tax reform. The SDP wants further clarification of the business tax and of how the reform will affect housing policy.

12327/12232

CP Central Committee Elects New Leadership After Scandal

New Politburo Listed

36170080 Helsinki *HELSINGIN SANOMAT* in Finnish
30 May 88 p 14

[Article by Unto Hamalainen and Matti Virtanen]

[Text] Tampere—The Finnish Communist Party (SKP) went back to the business of its divided leadership on Sunday. As expected, the Central Committee elected SKDL [Finnish People's Democratic League] parliamentary delegation chairman Jarmo Wahlstrom, 49, of Vaasa chairman and former SKP vice chairwoman Helja Tammsola, 42, of Helsinki first secretary.

Vice chairman Arvo Kemppainen, who had made a bid for the chairmanship and had demanded that a special party congress be organized, lost his post and was dropped from the party leadership. SAK [Central Federation of Finnish Trade Unions] second chairman Aarno Aitamurto was elected to replace Kemppainen. The post of second vice chairman was left unfilled.

Inside the SKP it is generally thought that the so-called hard line has strengthened its position a bit. It was felt to be a necessary counterbalance to the SKDL plan to open the doors to the Stalinists as well. Kemppainen's being dropped was interpreted inside the SKP as a personal defeat for him.

In addition to the chairmen and first secretaries, KANSAN AANI chief editor Tapani Elgland of Vaasa, translator Tatjana Huhtala of Tampere, former chief editor Erkki Kauppila of Helsinki, chief shop steward Heikki Kiviaho of Turku, MP Timo Laaksonen of Pori, Women's League first secretary Tanja Lehmuskoski, planning secretary Pekka Peltola and lawyer Mirja Ylitalo of Helsinki were elected to the Politburo.

Elgland, Kiviaho and Peltola are the new members. The new chairman of the SKDL, Reijo Kakela, who had been involved in the party strife, voluntarily stepped down from the Politburo. The previous leaders, chairman Arvo Aalto and first secretary Esko Vainionpaa, were also dropped.

Strengthened by its internal "trade union party," the SKP occupies an important position in the new party leadership. Since the SAK unions fund leftist party activities with tens of millions of markkas a year, the voice of the trade union Communists carries a lot of weight, particularly in financial matters. In the workplaces they have not been very happy about the latest SKP financial mess.

Aitamurto began his career as vice chairman only after heavy pressure was put on him. He had handed over the vice chairman's functions to Kemppainen a year ago when he was elected leader of the SAK. "I slipped into this job," Aitamurto confessed at a press conference after the congress.

Ousted chairman Arvo Aalto would have wanted Aitamurto to be his successor, but Aitamurto did not consent to be chairman.

The new party leadership immediately also took control of the party funds. The members of the Politburo, with the exception of Elgland and Kiviaho, were elected to the board of directors of the SKP support foundation, which controls millions. The foundation's former board of directors had tendered their resignations.

"Arvo Aalto did not leave Culture House with a bag of money under his arm as had been claimed in some newspaper," Wahlstrom snapped.

20 to 30 Million in Investment Losses

They decided to straighten out the SKP's financial affairs in other ways as well. Although the financial decisions were made in secret and their implementation was left to the Politburo, in the spirit of glasnost Wahlstrom agreed to tell us something about the magnitude of the losses.

On the basis of the audit committee's estimate, he said that investment losses amounted to from 20 to 30 million markkas. An exact estimate could not be given before some of the investments are unloaded. The party will probably sell some of its small companies, go to court over the Kuusinen Men's Clothing Store and restore management of the party's investment portfolio to the party leadership.

The SKP is in no hurry to sell its real estate and stone buildings.

Aitamurto acknowledged that there was not enough supervision of financial matters during finance manager Jorma Sorvarin's term. "We had to pay dearly for the experience. There were budget overruns for nearly every item except delegate expenses," Aitamurto thought.

In the SKP they estimate that it will take from 30 to 40 million markkas to mend the damage done over the past few years. Delay in cutting expenses will furthermore hurt investments. It will result in about 10 million markkas in additional expenses.

Aitamurto has enticed SAK finance secretary Ossi Viljakainen, who is known in Culture House as a skillful auditor, to manage SKP finances. Some years ago Viljakainen held responsibility for the finances of the SKDL

youth organization and extensive business operations. During the past few weeks he has cleaned up the mess left by his predecessor in the SKP.

Kemppainen Fell Between the Cracks

In a speech he delivered to the Central Committee, Wahlstrom demanded that talk "of a dispute over political policy and of the need for revision" stop. Wahlstrom declared that Aalto is a political disciple.

"Panic reactions and behavior that have only made the situation worse been displayed by the party leadership. This is only human, but the series of events has produced inordinate consequences," Wahlstrom protested.

The new chairman addressed himself to Kemppainen in particular, who was virtually branded a scoundrel in the Central Committee discussions. Kemppainen, who was the first to move for the dismissal of the former leaders, is believed to have worked against Aalto through the financial mess. Kemppainen was also criticized for his collaboration with MP Esko Seppanen.

Last week Kemppainen and Seppanen demanded that a special congress be called and nominated each other for the party leadership.

Kemppainen fell between all the factions in the [party] internal contest. In courting Seppanen, he lost the support of his own northern districts; in being the first to demand Aalto's dismissal he reaped the opposition of the former leaders; and, when, to boot, Kakela too turned thumbs down on him, Kemppainen was dropped.

Kakela Rejoiced Over His Victory

Kemppainen and Kakela's comments on the congress were graphic. "Like a dying animal, I crept away to the peace and quiet of my den," Kemppainen quoted another man from Kainuu, Eino Leino. "The business is over and done with and there are not even any bodies on the battlefield. There are no longer any problems between the SKP and the SKDL," Kakela rejoiced.

The past few weeks have been victorious ones for Kakela. He got his idea of opening doors to the SKDL accepted and Aalto and first secretary Esko Vainionpaa, who had placed obstacles in his path, were transferred out of the leadership of the SKP.

The plans of Kakela's team did not exactly as envisioned. Kakela's faction would have preferred to have names other than Aitamurto and Tammisola for the posts of first secretary and vice chairman.

Kemppainen and Kakela launched the Aalto downfall operation at the same time, but Kakela worked for it only behind the scenes and right from the start backed Wahlstrom, who as election committee chairman helped get Kakela elected to the top post of the SKDL.

Aalto's supporters were gratified by the election of Aitamurto and the dropping of Kemppainen, whereby an agreement that was acceptable to all factions was obtained from the leaders. Kemppainen's supporters further tried to offer him the second vice chairmanship alongside Aitamurto, but there was no longer any support for him.

The SKP leaders concentrated on politicking all day on that beautiful Sunday. Familiarization with Pirkka Hall and the Ratina Stadium, where the SKP's 70th anniversary will be celebrated in early July, was supposed to be on the agenda. The leaders had time to stop by the stadium, but did not get to Pirkka Hall. The Communist leaders did not get to see the American auto show organized in the Hall.

Chairman Wahlstrom Profiled

36170080 Helsinki *HELSINGIN SANOMAT* in Finnish
30 May 88 p 15

[Article by Matti Virtanen]

[Text] Helle messed up the SKP Central Committee schedule so badly that chairman Jarmo Wahlstrom did not have time to go to Pirkka Hall in Tampere to see the drawing card of the local auto show, Batman's car.

Pirkka Hall was one of the places the Central Committee wanted to familiarize themselves with because the SKP party anniversary fair is to be held there in July. Wahlstrom laughed when he heard about Batman's car because, in a speech made by a Central Committee member, it was precisely Batman whom he wanted to be party chairman.

Wahlstrom was not enthused with the Batman comparison. The chairman of the SKP, who will be 50 in December, said that he preferred to read the Lone Ranger. The title of Western [in the US sense] hero would be more suitable for Wahlstrom—he does not believe that the chairman of the SKP will get his job done with magic tricks.

On several occasions on Sunday Wahlstrom emphasized that his policy line is the same as Arvo Aalto's and that the new leadership would not change the party's political course in any way. "The leadership was replaced because of financial, not political problems."

The faces of the party leaders have nevertheless been replaced. Wahlstrom confessed that "new people, of course, introduce their own attitudes." In the glasnost era it is not hard to distinguish this additional tone: In the new SKP chairman's opinion, "openness is certainly what the party has need of now."

We already had a taste of openness at the Sunday press conference: Not once did Wahlstrom come down hard on the way the former party leaders used to answer questions, which included the habit of alluding to "public knowledge" or other supposedly generally known facts.

Walkers Welcome

The son of a filing and checkout counter clerk, Jarmo Wahlstrom is a teacher by profession. He dropped out of Parliament in 1983 after 8 years as a representative and a brief term as a government minister when the Vaasa Province Stalinists concentrated their votes on Sten Soderstrom and the moderate majority divided its [voting] strength among three equally strong candidates.

Last spring Wahlstrom was still waving his map pointer, but the successful parliamentary elections raised him from an SKDL slate swept clean by the Stalinist minority back to the top rung of the political ladder. Soderstrom, who had joined the DEVA [Democratic Alternative], lost out.

Because of that personal experience, it is understandable that Wahlstrom does not support election coalitions between the SKDL and the DEVA, nor any other partnership agreements with former minority Communists.

Wahlstrom does not appear to object to being called a hardliner. He listened amused to the suspicion that the old hard line positions have actually become stronger: "It's possible."

Talking about the Stalinists, the chairman of the SKP quoted SKDL chairman Reijo Kakela: "Anyone who can walk on his own two feet is welcome back." Wahlstrom warned the Stalinists against entertaining any particular hopes: "The future may look gloomy for those who don't understand this fact."

Nor did the new chairman look on the SKP's immediate future as being very rosy either. He admitted that the publicity the financial mess has received may weaken support for the SKDL in the municipal elections.

There was one thing in particular in the troublesome publicity of the past few weeks that has been gnawing away at the new SKP chairman: the suspicion that he might have had to share the chairmanships of the SKDL and the SKP with Kakela on a familiar for-you-for-me basis.

"It's downright laughable—no one seems to remember that last summer I was chairman of the SKP party congress election committee when Arvo Aalto was elected chairman."

Wahlstrom still remembers last week's SKDL party congress. According to him, the election committee seriously considered the alternative that Claes Andersson would be elected chairman and Kakela would continue as first secretary.

According to Wahlstrom, that alternative, however, fell through because of Andersson's opposition since he absolutely wanted a woman for the second leadership spot.

Helja Tammisola New Secretary

36170080 Helsinki HELSINGIN SANOMAT in Finnish
30 May 88 p 15

[Article by Unto Hamalainen]

[Text] If the Left does not conquer with women behind it, no one else but the women bosses of the Left can any longer be blamed for it. A woman heads the party machine of the SDP [Social Democratic Party], the SKDL and now the SKP too.

A chief designer of automatic data processing systems, 42-year-old Helja Tammisola's election to the post of first secretary is the biggest revolution inside the SKP since Stalinist chairman Aimo Aaltonen was ousted some 20 years ago.

As with Ulpu (Iivari) and Salme (Kandolin), Helja is now, at the moment of her election, still an unknown party activist for the general public. All three of them have the self-assurance of a professional in his field of expertise who does not need to pointlessly emphasize his self-importance. You can even call the new-style party leaders by their first names without ruffling their feathers.

Tammisola has been a vice chairwoman of the SKP for a while now. She is only infrequently seen in public, but she has been an important figure inside the SKP and the SKDL.

"I was in the same situation as Jarmo Wahlstrom. There were no grounds for me to refuse when people asked me to assume responsibility for straightening things out," Tammisola said.

Tammisola finds good sides to her election in the midst of all the SKP's difficulties. Now she can concentrate all her working hours on one task. Struggling to survive as the mother of two children, being a harried official and a shop steward working half-time have exhausted her.

On Monday Tammisola will submit her application for a 2-year leave of absence to the directors of the Social Security Administration. She wants to protect her good source of income as a computer technology professional if the security of the first secretary position be broken at the next party congress.

"It's important for me to cover my escape route. I have to make a lot of decisions that give rise to conflicts," Tammisola justified her actions. She will have to clean up a large part of the SKP administration and tie the party purse strings into a tight knot.

Eternal Revolutionary

Tammisola acknowledges herself to be a child of the 1960's, an eternal revolutionary, in her political thinking. She absorbed her ideological influences in Turku student politics; she did not join the SKP until she was an adult.

Party comrades remember that Tammisola appeared in the limelight for the first time in the SKP in the mid-1970's. Elected chief shop steward of the Social Security Administration on her own—without any support from the party—the woman was such a maverick that she, instead of the officials, was invited to lecture to the Central Committee.

Tammisola delivered such tongue lashings that the members of the Central Committee, chiefly composed of appointed representatives of the party and the SAK, held their ears. "Necks certainly turned red when Helja roared," they recalled in Culture House.

Muleta for the Stalinists

The new first secretary still finds conservatism in the SKP: Environmental issues are not yet understood; they do not dare to discuss the disbanding of the army proposed in the party; and the citizens' wage proposed by the party leaders has been dropped from discussion by the rank and file.

"For me these have been issues familiar to me since my student days; it's hard for me to comprehend that they are not accepted by our rank and file."

Tammisola admitted that the cautiousness of the rank and file is a wise thing. "A certain amount of conservatism is positive. We would lose our last scrap of credibility as concerns the whole business if we were to move on every new proposal without criticism."

Helja Tammisola won her party spurs as chairwoman of the SKP's Helsinki District. In the internal language of the party, she is referred to as a hardliner, which in Finnish means a fanatical opponent of the Stalinists.

"I was in the vanguard in pushing through those decisions by means of which we put a stop to the former way of doing things. The situation could only be resolved through tough decisions. We would not have had to resort to expulsions if reason had prevailed in the other camp."

Why they call me names is a source of amusement for me. During the time of strife in the SKP I was called so many names that I don't even remember all of them."

Paper Views 'New Face'

36170080 Helsinki *HELSINGIN SANOMAT* in Finnish
31 May 88 p 2

[Editorial]

[Text] The financial scandal involving tens of millions of markkas was obviously not the only reason for chairman Arvo Aalto and first secretary Esko Vainionpaa's departure from the leadership of the SKP. Aalto's autocratic and distant way of leading the party appears to have introduced a great number of pressures in the party. Although playing the hand Moscow deals is no longer approved of in the SKP, the fact that Aalto and Vainionpaa, the executors of the split-up of the SKP, besmirched its name in the eyes of the CPSU did create problems for the party. Despite the new winds of Gorbachevism, the SKP leaders were not invited to the Kremlin as is the custom with affiliated parties.

New chairman Jarmo Wahlstrom asserts that he is a disciple of Aalto. The fact that he persuaded Aarno Aitamurto to return to the party leadership is also a sign that there will scarcely be any significant changes in party policies. After all, Aitamurto was one of the chief instigators of the split. The talk of building bridges toward the former minority faction impresses us as being very premature. Opening doors is a slightly different matter.

Wahlstrom's name did not get dragged in the dirt in the factional disputes. This will, if they so desire, enable them to make new overtures in different directions, to Moscow too. While fresh new winds blew in the choices made by the Central Committee, the dropping of Arvo Kemppainen from any configuration was indicative of an attempt to clear the air in the internal struggle. The SKP has more than enough to do to recoup the tens of millions of markkas it has lost and which have stripped it bare.

The interesting question for the future is how relations between the SKP and the SKDL will develop. The new SKDL chairman, Reijo Kakela, and Wahlstrom seem to have been working well together behind the scenes in the latest meetings between the SKDL and the SKP. How is this cooperation likely to develop in future and what kind of objectives toward that end do they plan to set for themselves?

AAMULEHTI, ILTALEHTI Comment

36170080 Helsinki *HELSINGIN SANOMAT* in Finnish
31 May 88 p 2

[Editorial]

[Text]

What Kind of Leaders Does the SKP Need?

The SKP replaced its leaders at a Central Committee meeting in Tampere on the weekend. The Conservative

AAMULEHTI of Tampere asked what kind of leaders the SKP really needs. AAMULEHTI borrowed its reply from the SKDL organ KANSAN UUTISET.

"He ought to understand science, fit in the world of youth, be an open and honest reformer, serve as an energetic popular leader and be extremely astute on television."

That is to say, Jarmo Wahlstrom alongside Helja Tammisola? It's their turn now to make an effort to save the party's bankrupt intellectual and material estate.

"KANSAN UUTISET's list, of course, makes us smile, but it is true that, to pull out of its nosedive and to even some extent preserve its former position as the vanguard of the extreme Left, the SKP needs exceptionally capable leadership. Wahlstrom is not to be envied the task he faces."

Is the most dedicated, reform-minded or democratic creative talent capable of reviving an ideal that is in fact dead?"

"SKP Chose Old Wave"

The wave that swept chairman Arvo Aalto out of office was, in the opinion of the Helsinki independent ILTALEHTI, an old breaker, not any sort of new wave."

In Tampere the Communists clearly rejected the new wave that has emerged in the shape of Arvo Kemppainen.

"Thus the Communists did not seize the opportunity available to them to effect a real change in the SKP's image. The party's Central Committee was satisfied with quashing a reputedly forced decision rammed through beforehand and they did not dare to give the party's rank and file a chance to speak its piece."

Economic Problems Still Being Investigated

36170080 Helsinki *HELSINGIN SANOMAT* in Finnish
2 Jun 88 p 15

[Text] The SKP will be working all summer long to straighten out its financial problems. The party's Central Committee has called a meeting to be held on 27 August to discuss the party's "financial imbalance" and preparations for the municipal elections.

Elected last weekend, the SKP's new party leaders held their first work session on Wednesday, chaired by chairman Jarmo Wahlstrom. The Politburo decided to discuss labor agreement proposals in mid-June. Many party workers, as many as half of them, are threatening to resign. The SKP foundation, which also manages sizable

amounts of money for the SKP, held its organizational meeting on Wednesday too. Wahlstrom replaced Arvo Aalto as chairman of the foundation board of directors. The party's new finance manager, Ossi Viljakainen, is serving as the foundation's representative.

11466

Reijo Kakela Elected New SKDL Chairman

Helle Comments Before Vote

36170074 Helsinki *HELSINGIN SANOMAT* in Finnish
21 May 88 p A8

[Article by Matti Virtanen]

[Text] Turku—At the party congress that began in Turku on Friday, SKDL [Finnish People's Democratic League] chairman Esko Helle said that he was speaking for the last time in public as chairman. The withdrawal announcement was not, however, according to Helle, a withdrawal announcement, but a statement "to be interpreted in many different ways."

Helle's words gave rise to confusion in the musty auditorium of the former Ritz movie house where some congress delegates were still hoping that the SKDL would continue under its present leadership. They were still nominating Helle for reelection in the general discussion that followed his speech.

The general opinion was, however, that Helle had thrown in the towel, either by accident or deliberately. At the same time current SKDL first secretary Reijo Kakela's promotion to head man of the party on Sunday appeared to be more unlikely than before.

After his speech Helle explained his choice of words to the news media, warmed by a spring breeze in the courtyard of the Ritz Hotel. He reiterated that it was not a question of a withdrawal announcement, rather that he is still prepared to stay on if the congress wishes him to.

"It doesn't necessarily mean that I'm giving up. I haven't analyzed the mood of the congress at all. Such behavior is repugnant to me," Helle said. He promised to notify the congress election committee on Saturday whether he still wants to be chairman or not.

The SKDL's 15th congress election of a party leader will be held on Sunday. There are several candidates for both chairman and first secretary—not even the Lord, if he exists—as MP Esko Seppanen (Communist) is in the habit of saying—knows the exact number.

Some of the candidates have only been very briefly considered: election committee secretary Salme Kando-lin, who has a B.A. in political science, was a nominee for the post of first secretary for about a day, but he withdrew his candidacy on Friday.

Helle said that he was prepared for very many kinds of alternatives: "If they want a change of leadership, I have nothing against it. That's one probability. But it doesn't pay to mention names at this point—candidate issues must not be allowed to rise to a position of primary importance at the congress."

Reporters kept asking Helle whether he, in his opinion, had lost the chance to be elected to a second term as chairman. "Put down what you want," Helle sighed. He denied that he knew anything at all about the race for the chairmanship that went on outside the congress hall.

Election Committee Nominates Kakela

The election committee held several meetings throughout the day on Friday during which they pieced together the leadership jigsaw puzzle. They said the task was a difficult one because, among other reasons, the chairman of the election committee, MP Jarmo Wahlstrom, had returned only a couple of days ago from a lengthy trip to China.

On Friday Wahlstrom walked the corridors of the Ritz Hotel looking worried and not wanting to mention any names. He was asked whether there are now five candidates for the chairmanship following Helle's withdrawal. His answer was brief: "At least."

The SKDL newspaper Satakunnan Työ, which appears in Pori, reported on Friday that it seemed likely that Kakela would be elected chairman of the party. The paper based its news report on information obtained at the Thursday evening meeting of the election committee.

Timo Pekkola, the chief editor of Satakunnan Työ, has served as an expositor and as an advisor to the election committee in the chairmanship issue, so his paper is probably very familiar with the matter.

According to the newspaper, trade-union movement leaders have recently been energetically "marketing" MP Claes Andersson for the SKDL chairmanship and SKP [Finnish Communist Party] vice chairman Helja Tam-misola to become first secretary. Through these proposals, trade-union movement leaders have been attempting to drop Kakela out of the picture.

During the general discussion on Friday Andersson delivered a soft-pedaled speech. He hoped for a "political culture" in the movement in which people would also participate "in a more full-fledged way" in addition to doing so intellectually.

"Family and child-oriented thinking would add the joy of creation to our political achievements," Andersson appealed to his comrades. He also hoped that the movement would be courageous enough to engage in differences of opinion, even disputes. Judging from the applause Andersson received, his speech was of average quality.

The SKDL rank and file have been hoping that a woman would be elected either chairman or first secretary. They also hoped for this in the speeches made on Friday and the election committee deliberately adopted this hope as its guiding principle. Another principle is that, if the chairman is a socialist, the first secretary ought to be a communist. Or vice versa.

Reijo Kakela is a 44-year-old communist and a man. So a woman socialist is needed to serve as his running mate. Hilka Aalto would be such a candidate. She said, however, that she would support Andersson rather than Kakela as chairman, but promised to accept Kakela as a running mate too "if the congress so decides."

Work Is Interfered With

Over 30 congress delegates voiced their hopes in the general discussion. There was enough talk about environmental protection, local elections, social welfare policy and above all SKDL reform to last for 5 hours.

The discussion of reform has not yet really gotten into high gear since all day Saturday has been set aside for it. Investigator Sakari Hanninen will present the reform discussion and, following his introduction, the congress will be divided into seven workshops.

The leadership issue completely stole the show from the general discussion in the corridors of the Ritz. The congress delegates discussed it among themselves as did also the reporters. When the congress delegates were interviewed, they complained that the press was focusing its attention on personalities, not issues.

On Friday some congress delegates began to be concerned that candidate issues are interfering with the real work of the congress. Pekkola said, however, that he believed that the matter would be settled on Saturday.

Also on the agenda for Saturday, in addition to the workshops, are straw votes on the leadership issue. The election committee has promised to come up with some sort of proposal by as soon as this morning, approval of which they want to assure on Sunday through the straw votes.

Among others, SKP chairman Arvo Aalto doubts the election committee's capabilities: "I have not seen any decision that would lead me to believe that the matter may be settled in the election committee." Arvo Aalto did not want to name his own choice of a candidate for the chairmanship. "Rumors are generally false," he replied to a reporter's conjectures.

Helle Waxes Poetic

The reform topics recommended by Kakela popped up from time to time in the general discussion: He wants the SKDL to simultaneously transform itself into a more

radical and more broadly based left-wing and Green party. "This country lacks a real fighting Left," Rauno Rantanen, one of the congress chairmen summed it up.

Esko Helle also assumed a position on the reform debate at the end of his "farewell speech." With a touch of bitterness in his voice he quoted poet Lassi Sinkonen's words:

"We speak of changes, we demand them. Changes we are not ripe for are violent. Changes without love lead to hatred. Changes without improvement are merely changes. Clearly viewed and said. It is only seen and said. The analysis of power is not power. Human development is a slowly growing tree, Subject to the seasons of the year. We read the old books so that we may know What is new in the new ones."

Editor Is One of Influential Men Behind the Scenes at Party Congress

Timo Pekkola, the chief editor of the Pori newspaper SATAKUNNAN TYÖ, is one of the influential men behind the scenes at the SKDL congress. Just before last Easter he was given the job of clearing up the chairmanship situation, which appeared to be a confused one.

"And it is undeniably still confusing," Pekkola said on Saturday in the Ritz Hotel coffee shop. Having sounded out the district organizations and members of the SKDL community for 2 months, the chief editor does not even remember very well who all those contenders for the chairmanship were:

"Esko Helle, Reijo Kakela, Claes Andersson, Mirja Ylitalo and shall I now say Timo Laaksonen? There are so godawful many names." A moment later he remembered to add "Hilka Aalto, of course," to the list.

In addition to clearing up the chairmanship situation, it was also Pekkola's job to sketch the composition of the posts of first secretary and the vice chairmen and of the party administration and the party council. Since about a hundred names all told were collected, a slight lapse of memory is quite permissible.

Pekkola prepared three nominations for the chairman-first secretary duo and for the appropriate vice chairmen which were submitted to the congress election committee on Monday. He did not wish to divulge the names yet.

Pekkola incidentally mentioned that he had been offered the unofficial title of kingmaker. That term was not acceptable to him. Nor was "national conciliator" either. After thinking it over, he decided on the honorary title of "shuttle."

The Pori shuttle denies that he is a so-called lobbyist, often seen in the corridors during the different party congresses. "I don't engage in such activities," Pekkola's role is now limited to giving advice to the election committee if need be.

Pekkola has written vehemently about the need for SKDL reform in his own newspaper and he thinks that this has influenced his being chosen as the shuttle. He had nothing very good to say about the present state of the party.

"The organization has buried its head in the sand—its ideology is rooted in the 1950's," Pekkola let loose calmly. "If the SKDL does not get a move on in this congress, we can nail the lid down on the coffin—our people have already viewed the body."

The shuttle expects them to get moving in the workshop sessions on Saturday.

Kakela Pledges Movement's Renewal

36170074 Helsinki *HELSINGIN SANOMAT* in Finnish
23 May 88 p 15

[Article by Matti Virtanen]

[Text] Turku—New SKDL chairman Reijo Kakela had to experience some agonizing moments before his election was a certainty at the party congress in Turku on Sunday. The congress election committee supported Kakela from the start, but two snags got in the way of his election.

On Saturday it seemed that a suitable first secretary as a running mate would not be found for Kakela. Hilikka Aalto, proposed by the election committee, does not get along very well with Kakela and, then too, she did not gain enough support in the district organization straw votes either.

The Aalto problem was resolved when Parliamentary Committee Secretary Salme Kandolin, who holds a B.A. in political science, withdrew her refusal to run. That is how they got a male Communist for the leadership duo to replace a qualified female socialist.

Kandolin's vacillation with regard to agreeing to run was due to the fact that, as first secretary of the SKDL, she would get a salary about 5,000 markkas a month less than what she gets from Parliament as a committee secretary. She, however, pledged to devote all his energy to his new job after the election.

When the problem of the first secretary was resolved, Kakela was faced with another problem: Some trade-union movement and SKP leaders waged a defensive battle at the last moment by launching a lobby for the election of Claes Andersson.

"The brakemen have started moving, but too late," said Jaakko Ylitalo of the Lapland District.

One of the anti-Kakela coalition's arguments was that the SKDL is in financial trouble and it does not have enough to pay the salary of a full-time chairman. Some thought that Kakela would have to fire an office employee in order to pay his own salary.

Colorful Debate

When they took the floor at the party congress, the delegates of the SKDL Uusimaa District organization especially praised Andersson. In their opinion, Andersson's knowledge—he is a psychiatrist, writer, and member of parliament—of human nature and civilized behavior would be just what the party needs.

Pekka Peltola of the Helsinki District condemned the fact that the election committee was practically speaking chosen even before the party congress. In his judgment, the chairman was also elected before the start of the congress. "This certainly is not in keeping with the image of our party that we would like to create."

Kakela's supporters, too, made use of colorful language. Pekka Aalto of Helsinki said that Kakela is "an uncommonly troublesome fellow." In Aalto's opinion, that is in this case, however, a desirable trait since Kakela also publicly lays his nature open to criticism; he does not conceal it.

Marjatta Vasara of Helsinki hoped for a person as chairman in whom Claes Andersson's humanity, Reijo Kakela's ability to influence the masses, Esko Helle's tactfulness and MP Esko Seppanen's aggressiveness would be combined. It would be best of all if that person were in addition a jeans-clad woman, Vasara said, eliciting laughter from the congress.

Smoke the Peace Pipe

The majority of the congress delegates favored Kakela: He received 99 votes versus Andersson's 62 in the voting.

After that the election committee's proposal was unanimously approved by the congress since trade-union lawyer Mirja Ylitalo (Communist), who was nominated for first secretary in place of Salme Kandolin, turned down the post that had been offered her.

At the conclusion of the congress Kakela delivered a speech of thanks in which he admitted that he was rough-edged and promised to mend his ways: "But I have no intention of becoming a model puppet either." He said that some of the things said about him hit the mark, but he said that, as far as he was concerned, let bygones be bygones.

Relations between Kakela and Communist trade-union leaders have been strained for months now because Kakela has believed that the trade unionists lack sufficient solidarity. During the congress the clarification of relations between them appeared to end in a complete victory for Kakela. Among other things, SAK [Central Federation of Finnish Trade Unions] second secretary Pekka Ahmavaara was dropped from the party council.

"It's my fault that my words were probably phrased in a way that irritated the trade-union movement," Kakela smoothed things over in his speech. At the press conference held after the congress he said that he had already agreed with trade-union leaders to smoke the peace pipe.

In his closing speech Kakela raised four themes on the basis of which he intends to reform the movement: The issue of the poor is primary and it will be advanced by working for a citizens' wage. The second is increasing democracy in the society and in the world of production. Worldwide problems of the future, like hunger and the environment, come third. Education and culture, or "the liberation of human creativity," are last on this list.

Broad Leftist Forum Sought

36170074 Helsinki *HELSINGIN SANOMAT* in Finnish
23 May 88 p 15

[Text] On Sunday the SKDL congress took its course for the development of the party from the ideas of its new chairman, Reijo Kakela. The title of the one-page resolution is "[Let's Make] a Leftist League Out of the SKDL."

So far, at least, this has not meant a change of name. At the congress the paper was criticized insofar as the chairmanship had interpreted it in terms of reforming the organization and the rules as guidelines intended only for the new leadership of the party.

The intent is to not more radically transform the SKDL until the next congress in 1991. All of those people and organizations interested in forming a new league have in addition to that been invited to a "leftist forum" to discuss the matter which is to be held next spring.

According to Kakela, in addition to the "social Greens," former left-wing Communists—or members of the DEVA [Democratic Alternative]—are also welcome to attend. The plan is to also entice the Social Democrats. MP Esko Helle, the former chairman, said on Saturday that their goal is to get all left-wing Social Democrats to participate in the activities of a leftist league.

The resolution on a leftist league also includes one specific social welfare policy goal: "As a step toward liberating people and bringing about justice and equity, the SKDL advocates the implementation of a citizens' wage as its most important objective."

The SKDL also demanded an improvement in people's basic security in a separate position paper in which it demands that welfare benefits that are smaller than full social security benefits be raised to the level of full social security benefits immediately.

Labor leaders also received greetings from the SKDL congress: "Solidarity must at last be raised to its rightful importance by eliminating low wages and the different standards applied to men's and women's salaries."

Out With Arvo Aalto and Mandates

The Turku party congress sketched the leftist league with very broad brush strokes. In the resolution they stated the following: "We want to turn the SKDL into an open, contemporary leftist league within the scope of which all leftists and their organizations can function."

The resolution contains three guidelines for changing the structure of the organization: "Individuals and organizations can be members of the leftist league. The league's decisionmaking power is based on the principle of one vote per person and no league member organization shall occupy leadership posts that give it a mandate."

The party congress implemented this idea suggested by Kakela as early as Sunday when it dropped SKP chairman Arvo Aalto from the party administration. Aalto had already disappeared from the congress hall before Sunday.

According to the Turku resolution, leftism is "tolerance, mutual trust and joint action to bring about a free, just and solidary Finland and the same for the world."

Values are stressed in the leftist league resolution in addition to tolerance: "We want values to be restored to politics. Politics must not be domination nor must it be submission to economic necessities, but conscious choices."

In the opinion of the congress, formation of the leftist league should begin as early as the municipal elections this fall. The congress presumed that the new way of thinking should be apparent in the nomination of candidates, in objectives and in the practical aspects of the election campaign.

Kakela does not, however, intend to endorse electoral coalitions with the DEVA. There was not much talk of electoral coalitions in the workshops in session on Saturday either. On the contrary, inviting DEVA delegates to the leftist forum stirred up some people's feelings.

According to Kakela, the SKDL tickets in the municipal elections will be open to anyone who wants to run. This means that the Helsinki SKDL, for example, will have to swallow its anger and carry with it DEVA city councilmen who are trying to get on the ticket.

J.O. Andersson Profiled

36170074 Helsinki *HELSINGIN SANOMAT* in Finnish
23 May 88 p 15

[Text] There was a lot of talk about the two Anderssons at the SKDL congress in Turku. One of them was MP Claes Andersson, promoted to candidate to run against Reijo Kakela in the race for the chairmanship, and the other was Jan Otto Andersson, the chief assistant of the Abo Akademi Department of Political Economy.

One of the two Anderssons gave the impression of being slightly dumbfounded, the other one of being very happy. In the opinion of many, Claes had become a pawn in a power play and had learned a lesson in the "rastiness" of politics. Jan Otto, or "Jotto," on the other hand, received a magnificent response to his ideas from the congress, even though he was not a candidate for any office.

Jotto is the godfather of the idea of a leftist league. He wrote about it in *KANSAN UUTiset* in March and the idea caught fire immediately. "I myself am surprised at how quickly the idea was accepted," he said on Sunday after the congress had made its resolution of the leftist league.

Jotto wanted to give Kakela partial credit for having advanced the idea: "It was after all he who was the real godfather in this business. I merely tried to put his ideas into somewhat more concrete form."

SKP Turned Into a Worker Party

The chief assistant explained what the leftist league should involve:

People who belong to member organizations would be directly admitted to the league as members with equal standing but there would also be individual members in the league. No member organization would have quotas in the league's administrative organs. The league's decisionmaking power would be based on the principle of one vote per person.

According to him, it is not yet clear whether members of all subordinate organizations should automatically be members of the leftist league or whether they should announce their wish to be a member individually. That issue will have to be decided on by the new SKDL league administration.

In Jotto's opinion, the leftist league would also give the SKP a better chance than before to function primarily as a communist party that promotes the interests of the workers. The present problem of overlapping functions between the SKDL and the SKP would be eliminated.

Tolerance is also one of the key words in this reform movement. "I hope that now others too will see that we want to be an open and tolerant organization." J.O. Andersson said that he is certain that support for the movement will again begin to grow along with this transformation.

A People's Wage

A "citizens' wage" is another neologism appearing in SKDL position papers, the credit or responsibility for whose introduction belongs to Jotto. He has been studying basic subsistence models in various countries for years now and given talks on the citizens' wage at numerous seminars.

In his opinion, as a first step a net wage of 2,000 markkas a month should be provided for all unemployed workers, invalids, pensioners and students. This would require an increase of 3 billion markkas in state expenditures. Later on the system should be expanded—then we would be talking about a magnitude of 20 billion.

Implementation of the citizens' wage is referred to in the congress' reform resolution as the most important SKDL objective. Jotto is not quite satisfied with the way it was formulated: "Of course, economic power and democratic issues are still of importance to us."

Even Young People Would Understand

And what about a change of name? In Jotto's opinion, that too is necessary, but he admitted that not everyone is yet used to the idea. If the decision had been made now, it might have been named the Leftist League-SKDL.

Just Leftist League would also suit Jotto. "It's a good name because even young people understand what the movement is all about. But now, they don't know what the SKDL means."

Jotto could not say how big the changes in rules required by the whole reform process would be. Determining this will be the task of the new party administration that is elected on Sunday. The godfather of the idea will not himself have an opportunity to participate in the effort because he is moving to London in September as a visiting scholar.

Jan Otto Andersson is, among other things, investigating the crisis of the industrial society, "Fordism and post-Fordism." But the citizens' wage still interests him too: "And in England a very good specialized journal is published that concentrates only on this issue."

Newspapers Comment on Meeting

36170074 Helsinki HELSINGIN SANOMAT in Finnish
24 May 88 p 11

[Editorial roundup]

[Text]

SKDL on the Way to Independence

Several newspapers commented as early as Monday on the nominations of candidates and adoption of policies at the party congress held by the SKDL over the weekend.

According to the Center Party's ILKKA, which appears in Seinajoki, the SKDL has assumed a "new course toward independence" from its status of cover organization for the Communists.

"Its goal is to turn the cover organization into a true leftist league which the SKP does not give orders to, at least not in a voice that is proportionately louder than the percentage of members and supporters of the movement that the Communists account for. Although Reijo Kakela, who has been elected its new leader, is a Communist, this scarcely damages his credibility.

"If the SKDL should now experience a renaissance—which is very possible—it will have communism's catastrophe to thank for it. The birth of a third communist party that is to the left of the Stalinists and the economic farce of Aalto's SKP have now added the final touches to the collapse of communism. The realization that communists who are that weak are incapable of giving their allies orders may well make room for the socialist Left."

Primitive Power Play

The Helsinki ILTALEHTI draws just the opposite conclusion from the SKDL congress. In that newspaper's opinion, we have just been witness to "the kind of really primitive political power play we have not seen in a long time, one that has plowed under all idealism."

"More and more obviously, a reform-bent SKDL has been trying to make itself independent of the guardianship of the SKP. To guide this course or action, it has now, for the first time in the history of the SKDL, elected a Communist [chairman]!"

"The SKDL is undoubtedly seriously trying to institute reform. It has been forced to do so by the enormous drop in votes it has suffered during the past 10 years, a situation the slight gain it showed during the last presidential elections has had no effect upon.

"The content of this reform is a different matter. It appears to be tactical rather than idealistic."

Kajanoja Cool Toward Alliance

36170074 Helsinki HELSINGIN SANOMAT in Finnish
23 May 88 p 14

[Text] Neither Greens MP Osmo Soininvaara nor minority communist First Secretary Jouko Kajanoja are enthusiastic about the formation of a new, united leftist league, an idea proposed at the SKDL party congress. They are ready to participate in a possible discussion forum next spring, but have no intention of joining the new league.

According to Soininvaara, there is no reason for the Greens to participate in a disentanglement of mutual relations with in the SKDL. He regards the new leftist league as being primarily and SKDL name-changing operation.

Soininvaara noted that all the parties would like to absorb the Greens, but the Greens, on the other hand, cooperate with the parties when relevant.

Jouko Kajanoja feels that it is a mistake that members of the new leftist league may not be organizations, but only individuals. "This is a development that closes, not opens doors, one that will lead to the founding of a new party."

Kajanoja also fears that, in aspiring to higher status, the league will see opportunities for advancement on the right, not on the left. "The DEVA must act in such a way as to prevent these fears from materializing. A kind of cooperation must be instituted on the basis of the SKDL that does not drive people away, but calls on them to join in."

Kajanoja said that he had followed with concern the discussion during which combining SKP and SKDL functions or weakening the SKP's position was proposed. According to him, this would lead to the end of the SKP as a party.

The new chairman of the SKDL, Reijo Kakela, among others represents this line of thought.

"It's difficult to analyze the thoughts of one person, but he is certainly not opposed to such a course," Kajanoja said.

Kajanoja felt that Kakela's statement, according to which it would not be possible for the SKDL and the DEVA to enter into election coalitions during the fall municipal elections, is of particular cause for concern. The DEVA plans to propose joint election coalitions.

Kajanoja also felt that it was unfortunate that some minority communists founded their own party over the weekend, the Communist Worker Party. The goal of SKP unity is for there to be one communist party in the country.

The minority communists are not going to go ahead and defect en masse, but the members of the new communist party will in time lose their commission of trust in connection with SKP unity.

"No one is in the mood to defect. On the contrary, we are pondering how the founding of the new party may cause the communist movement as little inconvenience as possible," Kajanoja said.

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SKDL General Secretary Reijo Kakela on Outlook for Movement

36190079d Helsinki SUOMEN KUVALEHTI in Finnish 13 May 88 pp 53-56

[Article by Kauko Holopainen and Tuomo Lappalainen]

[Text] Actually, Reijo Kakela would much rather talk about his successful 7-month-long diet than about the league congress of the Finnish People's Democratic League (SKDL) and especially its choice of individuals.

He selects his words carefully, avoids direct answers, and gestures nervously. He fiddles with his watch, digs in his ear, strokes his beard, and lights up one cigarette after another.

He claims in all seriousness that he has never said he seeks the post of SKDL chairman. On the contrary, he has announced well in advance that he is not available unless the congress injects some life into the currently sluggish movement. "And even then I intend to continue as general secretary."

He says he went into politics because he saw in it—together with other people—an opportunity to promote his ideas. If that proves impossible, he sees no sense in hanging around just to play a role. He has a good job in the Ministry of Education, and a return to "honest work" does not seem repugnant in any way.

But a lot—in fact, everything—depends on what happens in Turku a week from now.

"If it looks as if progress is being made, I'm available, of course, for any assignment. Jobs other than that of chairman are suitable. If there's a good combination and the reform line wins out, the post of general secretary will suit me fine."

I Have Strong Feelings

"I have a lot of hopes and strong feelings for the future of this movement says Reijo Kakela.

"Even outsiders see that the SKDL is now politically united and has an opportunity to prosper.

"But in order for us to succeed, we have to change and the image everyone has of us has to change. We have to be able to shrug off the painful history of 20 years we now bear on our shoulders.

"The goal of the reform process is not—and cannot be—to build the SKDL on another foundation. Everyone can come here to build a new SKDL. But we're not handing out any crutches [to help them do it]."

Kakela reports that the SKDL has also discussed whether changing the movement's name should be part of the upcoming examination of policy. An alternative such as Leftist League has been up for consideration.

"If the name change is part of a broader political reassessment, that can be debated, too, of course. But right now that isn't the most urgent issue by any means. Or a particularly simple one.

"The name SKDL has a positive ring for many people."

Helle Is Not Movement

Even though Kakela did not intend it, everything he says is also perceived as indirect criticism of the current SKDL chairman, the likeable but colorless Esko Helle.

"Helle isn't any obstacle at all to reforming the SKDL," the general secretary says in defense of his current boss.

According to Kakela, there are "at least no major" policy disagreements between Helle and him.

"It's utterly wrong to approach an issue by saying that Helle would be an impediment on the road to something good. Helle isn't the SKDL. All of us, the entire spectrum of the organization, make up the League.

"Also part of that spectrum are those who imagine that we still have 40 parliamentary representatives and 20-percent support and that the Finnish people in their entirety are on our side, only they don't know it yet."

Reijo Kakela's voice assumes an irritated, almost angry, tone.

"It's easy for this bunch to simply say: 'No, we don't have to do anything.' And it's just as easy to bring together these conservative-thinking forces to prevent the implementation of reform."

As a rule, taking stern measures is the only way to deal with thickheaded people.

"After all, we can talk and put up a political fight, so to speak, but if no real change comes out of it, it's all meaningless.

"It's generally hard to imagine how any undertaking within a political movement could progress without a real shakeup first."

Battle Perspectives Lost

"This is a political process more than anything else, even though people have talked so much about it as a personal and organizational issue," says Kakeia.

According to him, it is wrong to think that the league congress is an occasion on which "a light is flipped on in a room," so to speak, and afterwards everything is different.

"In my opinion, decisions can and should be made at the congress on certain principles, patterns of thought, ideals, and the direction in which the SKDL will head in the future. If those decisions are the ones I hope and believe they'll be, then it's possible to think positively about the SKDL's future."

Kakela largely sees the roots of the SKDL's problems in the 1970s, the years of economic crisis and popular front governments.

"As did all the other parties at that time, we succumbed to the temptation to deal with issues without even trying to see what the values and social goals behind there were.

"Suddenly, in the 1970s, Finns began to think that it is the economy which determines things and that the task of politics is only to adjust people to the economy's demands.

"The left-wing movement lost its perspective, too. At most we defended our old achievements against all sorts of neoconservative economic doctrines. We tried to stop the very worst ideas from being implemented.

"But we lost our perspective on the long-term battle. And yet if we were genuinely anything, we were a movement for social change. Now I'm not saying that we were then close to revolution, but...

"...if this movement has anything to say, it should associate itself with social change, with prevalent values, with the goals people strive for. When they're not talked about, they're the values of the well-to-do.

"For example, the relationship between politics and economics. We ought to see that politics is primary: it takes into account the secondary conditions provided by the economy, but nothing else.

"And we ought to see that the interpretation which Finland has of competitiveness or structural change is not the only one possible."

Why Do We Just Say No?

Reijo Kakeia states that the SKDL has fought its last battle against windmills.

"Why the hell is it we always say no to everything new instead of trying to see what its political potential is?" he asks.

"Should we say no to new technology because we fear it will take away jobs? Each of us knows it's coming just the same. We can't do much more than keep it from affecting employment over the short haul, at most.

"On the other hand, why don't we fight for a cutback in working hours? Why don't we fight to see to it that the fruits of technology are distributed differently among our people?

"And satellites appear in the sky even if I climb up on the roof and shout curses at them like Kullervo in the Kalevala. The damned things won't drop out of the sky.

"Why, for instance, doesn't this movement fight back and demand good, ambitious, high-quality mass culture on our own television sets, something that can compete with the trash we get via satellites?

"Why isn't there in our schools the kind of curriculum in which children are taught how to analyze video programs so they'll be vaccinated against them when they see them?

"The SKDL should now get seriously involved in issues of this kind."

Communists Do Not Give Orders

Even though Kakela is a dyed-in-wool communist and is actually a member of the Finnish Communist Party (SKP) Central committee, many communists expressly oppose his election as SKDL chairman.

The general opinion may well be that Kakela, unpolished and given to boisterous statements, would try right off the bat to strengthen the SKDL's role as a political force independent of the SKP.

The general secretary himself dispels such suspicions. He says in a smart-alecky way that the relationship between the SKDL and its largest member organization seems to be a bigger problem for outsiders than for the SKDL itself. He thinks the current situation—the organizational split into two—is "probably a very intelligent solution." Not problem-free, of course, but quite workable, all things considered.

"The SKP represents a certain way of analyzing reality: Marxist, or whatever it's called nowadays. If the organizations were joined together, it would mean the disappearance of such an analytical tradition.

"The SKDL can bring leftists together in a broader front where the communists are one part, but only one part, not a vanguard which gives orders and thinks it can dominate other groups."

Besides, within the SKDL the Division between communists and noncommunists has largely lost its significance, thinks Kakela.

"Let's just think of the relationship to nature. I think it's much more a generational question than an ideological problem. People born in the 1960s stress issues differently from those born in the 1920s. And the division is not such that the communists are on one side and non-communists on the other side."

In his 40s, Kakela himself prefers to talk about the "great long-term issues of mankind" and urges the SKDL to discuss environmental problems, the global food situation, citizens' wages, and other fateful issues of the future.

With the same themes, Movement '88 behind Kalevi Kivisto attracted roughly 10,000 Green voters as well as traditional SKDL supporters in the January elections. The same crowd has also been wooed throughout his term by chairman Esko Helle, one of whose regal ideas has been to make the Greens part of the SKDL's organizational network.

Reijo Kakela does not go so far as to be annoyed by any daydreamer who calls himself a Green.

The door is open, however, to some people with alternative views, and the red carpet has been rolled out.

"I would think and hope that the Greens who know something about social power could see themselves being reborn in the SKDL.

"At least that's what we are aiming at."

SKP Can Overturn Kakela's Election

The SKDL's league congress in Turku will go down in history from the fact alone that it is the first congress of the communist and people's democratic movement in 20 years entirely free of the so-called party division. The presidential elections and Kalevi Kivisto's successful campaign broke the minority's backbone, and assembling in Turku is a move which also improved its self-confidence in this spring's trade union voting.

The SKDL has reached an historic juncture, many SKDL supporters will boast today, blissfully forgetting that the SKDL still has only 16 representatives in Parliament and that just 1 out of 10 voters cast a ballot for Kivisto. Movement '88 was supposed to be a big hit, but the silence surrounding the movement says a lot. The

success of leftist ideas here and elsewhere does not portend a return to the days of glory when the SKDL had 50 members in its parliamentary group.

Glasnost Respected

Reform is the SKDL's synonym for glasnost and perestroika. And there are indeed debates nowadays in the SKDL. Behind them are the frustration and decay, which were at their gloomiest during the SKP delegate congress of 1978. Under the brotherly supervision of the CPSU's Scandinavian division, the majority and the minority agreed on party congress notes. Voting was prohibited when party unity was being built up. To be sure, the SKDL did not get quite that far even in the hottest moments of the party war.

It is a new day now, and for weeks on the pages of the movement's main organ, KANSAN UUTiset, a lively debate free of ideological babble has been conducted on the SKDL's challenges and the league congress's choice of individuals. The newspaper's pages are downright teeming with names. No such debate has been seen before in the history of the communists and the league. The SKDL is being shaken up by structural change, and a new political culture is being introduced.

Helle Has Many Challengers

In the debate, SKDL Chairman Esko Helle has had many challengers, the most noteworthy of whom is General Secretary Reijo Kakela. In the view of Kakela's supporters, there is nothing wrong with Helle as a person; it is just that he is too nice a man. "Being nice is not a basis for assessment when you're choosing the chairman. After Ele Alenius, Kivisto, and Helle, we could try someone else," says a Kakela supporter.

Helle's backers point out that during Helle's term the SKDL's downhill slide has come to a halt and, along with unity, support has risen to 11 percent. Kakela's backers believe this trend has occurred despite the wimpy chairman.

It is generally thought that SKP chairman Arvo Aalto is on Helle's side, but for the time being Aalto is as silent as a stone. Indoctrination and manipulation from on high do not suit the spirit of glasnost. It remains to be seen whether the SKDL leaders can choose an individual who does not really get along with the SKP chairman. Apparently they can, because the comrades do not disagree on their vision of the future. It is more a matter of how to make policy, but pluralism is respected nowadays in the SKDL, too.

The plans of Helle and Kakela could be messed up by Professor Antero Jyränki, on whom the communist wing of the trade unions has focused its attention. The power of the SKP and SKDL is in the trade unions, so what trade union leaders say carries weight. Kakela has ticked

off some trade union people by criticizing the SAK [Central Federation of Finnish Trade Union]-backed trade union movement as fundamentally conservative.

Looking for Someone Opposite of Kakela

If Kakela is elected to the SKDL leadership, at least no one can claim he did not know what he was getting. Kakela has shown his colors. He is a colorful and inspiring speaker. People are passionately for or against him. Opponents are astonished of how Kakela's thoughts wander. "Sometimes you're left wondering whether he has any thoughts at all," says a trade union man.

Opponents do not deny that Kakela is "now." He sells well. The mass media need colorful speakers, and it is no wonder that when radio and television reporters gather panelists for a political program, they end up with Kakela to represent the communists and people's democrats. He is a sure choice. The discussion is a discussion, not an aimless liturgy of traditional politicking.

"Reijo's a little rough around the edges, and what he says can strain personal relations, but people need to be shaken up here, too. You shouldn't take everything personally and literally," says a former SKP member in defense of his candidate.

The problem of the SKDL and the SKP—and the problem of the entire labor movement—is that the movement is aging badly. It is hard to get young people to join, and the core of the parties is formed by middle-aged people who came on board in the 1950s and 1960s and for whom it is obviously difficult to keep their balance during Kakela's verbal acrobatics.

Appraisals of Kakela are utterly contradictory. While some people think that Kakela should continue as general secretary, others feel that he is totally incompetent as an organizational leader. "It's quite all right for him to continue working as general secretary," quips one sexagenarian. People are unhappy with Helle's colorlessness, but they are searching for someone the opposite of Kakela.

It Should Be a Woman

Women have always had a strong foothold in the SKDL. Women are now claiming the post of chairman for themselves, and many men seem resigned to having a woman seated as either chairman or general secretary. A whole slew of candidates has made public, and of them Salme Kandolin and Outi Ojala have been mentioned as the strongest. Kandolin has a degree in managerial science and is a secretary on the Parliament's social affairs committee. Ojala is a specially trained nurse, a member of the TEHY [expansion unknown] executive council, and a member of the SKDL women's league.

SAK Secretary Pekka Ahmavaara, a trade union man dissatisfied with Helle and opposed to Kakela, has suggested Jyranki as chairman and Ojala as general secretary. Yet Kakela also has his staunch supporters in trade union circles. Among them, Pekka Rautaporras, secretary of the Municipal Workers' Alliance, and Timo Rautarinta, second chairman of the Woodworkers' Alliance, have come out in favor of Kakela. Only the trade unions which depend on smokestack industries are in their sunset years, although Kakela could have chosen his words differently, their line of thought seems to run. For his part, Jarl Sund, chairman of the SAK Food Manufacturing Alliance, has tried to persuade Ojala to reverse her decision not to run in the election for chairman. What is happening is that one candidate after the other is turning down the honor.

"What we expect is a lively congress, rich in debate. Maybe we'll also get around to voting. And the SKDL will endure it all," believes one congress delegate who is still keeping his ears open.

12327/12232

GREECE

Electoral Results According to Various Systems Estimated

35210114b Athens POLITIKA THEMATA in Greek
3-9 Jun 88 p 15

[From the "Political" column: "Electoral Machinations"]

[Text] That the prime minister is counting on a new electoral law cut and stitched to the measurements of PASOK's current political needs has often been stated. He himself is saying it now.

He said in Irakleion:

"In the elections which will take place in June 1989, we will exhaust every margin for improvement for a more just electoral system. We want every existing political tendency to have representation in the Chamber. There is only one electoral system we will not adopt. That which will throw us into governmental instability. We do not have time for such luxuries...."

Analyzed, this means:

1. Having every existing tendency represented in the Chamber, in accordance with the prime minister's wishes, is achieved with the establishment of the simple proportional system.

2. For there not to be governmental instability, however, "because we do not have time for such luxuries..." can be insured by only one system: the majority system.

This is a first preconception of the electoral system, but also a first revelation of PASOK's electoral machinations.

Evidently, the coming elections will be carried out in two doses (two Sundays).

The constitution (Article 54) stipulates as concerns parliamentary elections:

1. The electoral system and electoral districts are specified by law.
2. The number of deputies for each electoral district is prescribed by a presidential decree, based on the legal population of the district as derived from the most recent census.
3. A portion of the Chamber of Deputies, no greater than one-twentieth of the total number of deputies, may be elected uniformly throughout the commonwealth, in relation to the total electoral force of each party in the commonwealth, as designated by law.

Before this, in Article 51, Paragraph 4, the constitution stipulates:

4. Parliamentary elections are carried out at the same time throughout the state.

Question: As long as the electoral system, as Article 54 relates, is designated by law, can this system provide for two Sundays? But then, maybe this conflicts with Article 51, Paragraph 4, which commands: elections are conducted at the same time throughout the state? But maybe the words, "at the same time," do not exclude the two Sundays when these are specified by the electoral law?

If we accept that this constitutional entanglement is solved, then we proceed to a system with two subsystems.

First Sunday: The citizens "in the entire commonwealth" vote with the "simple and pure" proportional system to elect two-thirds of the Chamber, 200 deputies.

With the current assumptions, the distribution of the 200 would be:

PASOK with 45 percent, 90 seats; ND with 40.85 percent, 82 seats; KKE with 9.89 percent, 18 seats; Various parties with 4.25 percent, 10 seats

Second Sunday: The citizens vote "in the entire commonwealth" with the majority system. For this circumstance, the array of PASOK and the other "democratic forces" has been secured since the demand for the simple proportional has been satisfied and now the issue is "never again the Right!"

In this way, and with PASOK relying on voters from the extreme Left, PASOK is counting on taking 70 percent of the coalitions in the whole country, which means something more than 70 deputies.

Thus it acquires new self-power since the parties' forces will be:

PASOK 90 plus 70, 160 seats; ND 83 plus 30, 112 seats; KKE 18, 18 seats; Various parties 10, 10 seats; Total, 300 seats

If PASOK Falls?

What will happen, however, if PASOK falls from the 45 percent it had in 1985 to 35 percent? The picture, with the two systems, will be:

First Sunday (simple proportional)

PASOK 35 percent,¹ 70 seats; ND 46 percent, 92 seats; KKE 13 percent, 26 seats; Various parties 6 percent, 12 seats

Second Sunday (majority system)

PASOK 70 plus 70,¹ 140 seats; ND 92 plus 30, 122 seats

Footnote

1. Because of the "array" (PASOK-KKE-EAR., etc.), supposing that the percentage in the majority system gives predominance to the array despite the decrease in PASOK's force, one segment of which is won by ND and the other by the KKE and the other small forces of the Left.

In this case, PASOK loses its famous self-power, in which case its fate will be continually decided by the KKE, which will become referee of the situation.

9247

Poll Reveals Importance of Undecided in Next Elections

35210111a Athens I KATHIMERINI in Greek
5 Jun 88 p 6

[Text] "The undecided will decide the elections." This sentence is the standard epilogue to all types of political estimates and analyses of surveys that have been released lately in our country.

Not without reason. The experience of the last electoral contest has demonstrated that it is precisely the final choice by this group that decides the electoral results. At this moment, all public opinion polls that have been disclosed have raised the percentage of the undecided to 20 percent. The combination of these two facts makes the problem of the study of the perception, of the possible reactions and, by extension, of the probable behavior of the undecided, a problem that is central to both our political and quasi-political activities.

During the period prior to the 1985 elections, the public opinion polls gave a clear picture of the undecided. Thus—(EPIKENTRA magazine, May-June 1985)—their percentage in October 1984 was 13 percent. Approximately half of them called themselves apolitical, while the remainder were divided among conservatives (5 percent), liberals (16 percent), socialists (14 percent), and Marxists (4 percent).

Twenty-eight percent considered the economy to be in better shape than in the past, 47 percent considered it the same, and only 22 percent considered it worse off.

Twenty-five percent attributed the responsibility for the economic problems of the country to the ND governments, 8 percent to the PASOK government, while 47 percent considered both of them as being responsible.

In any case, 35 percent found the government's efficiency good as compared to 45 percent who found it mediocre and only 20 percent who found it poor.

In addition, with the exception of the tax problem, they considered PASOK to be more trustworthy as a government than the ND. Thus, according to their majority, PASOK was capable of dealing better with the problems of unemployment, health, high prices, and foreign policy.

Of special interest is the matter of the origins of the undecided. That is, of their previous party affiliation. From all evidence, in 1985 the undecided from the groups who had voted for PASOK, were rather more numerous.

Given these facts, it is not strange that in the end PASOK won over the largest number of undecided in the 1985 elections. Specifically, about 60 percent of the undecided voted for PASOK and 40 percent for the ND.

Today's Undecided

Today the picture of the undecided appears very different. According to the data of the three recent polls made public (DIMEL-FIRST, METRIX-SEVENTH, MRB-VIMA), the undecided:

1. Comprise 20 percent of the electorate.
2. Come in their majority from PASOK (60-70 percent) for which they voted in the preceding elections.
3. Are not satisfied with the present situation nor are they optimistic about the future.
4. Are not satisfied with the PASOK government, but do not like the ND either.
5. Claim to ignore who is better qualified to deal with the country's problems. However, those who answer consider PASOK to be administratively more trustworthy than the ND.

6. Clearly have a more positive image of Mr Papandreou than they do of Mr Mitsotakis.

It is evident that we are dealing with a totally different sort of undecided in their qualitative makeup than we did in 1985. The differentiation begins with their dissatisfaction with present conditions, a position completely opposite to that of the undecided in 1985 and continues with a strong presence of emotional and ideological tendencies and previous party affiliations and ends, of course, with their original party affiliations.

TABLE 1 1985		
	Results of Research	Origin of Undecided
PASOK	36%	36%
ND	32%	28%
KKE	10%	2%
KKE (Int)	4%	8%
OTHER	2%	5%
UNDECIDED	13%	--
DID NOT VOTE	15%	--
NO ANSWER	2%	6%
Source: Epikentra May-June 1985		

TABLE 2 PRESENT		
	Results of Research	Origin of Undecided
PASOK	26%	72%
ND	38%	20%
KKE	14%	4%
E. AR. [Natl. Left]	2%	
DI. ANA	2%	
OTHER	1%	
UNDECIDED	16%	
Source: DIMEL Research (First) Nov 1987		

TABLE 3 WHO CAN SOLVE THE COUNTRY'S PROBLEMS		
	PASOK	N. D.
Can	37%	21%
Cannot	35%	42%
Do not know	28%	37%
Source: METRIX Research, May 1987		

TABLE 4			
	Research Results	Undecided in their party	Undecided proportion- ally
PASOK	26%	37%	34%
N. D.	38%	41%	42%
KKE	14%	15%	16%
E. AR.	2%	3%	3%
DI. ANA.	2%	2%	2%
OTHER	1%	1%	2%
Undecided	16%	--	--
Source: DIMEL Research (First) Nov 1987			

Parties and Leaders

With regard to the view of the political parties and their leaders, the characteristics of the undecided appear to be completely consistent with the data presented until now.

Regarding parties, the dominant element appears to be that of their rejection. Thus, PASOK is swept away for the undecided because of its poor administrative performance, while the performance by the ND as the opposition party is characterized as being unsatisfactory.

Breaking it down according to party, PASOK is found to be positive by 21 percent and negative by 59 percent, while the ND is found to be positive by 11 percent and negative by 71 percent. In addition, approximately 60 percent believe that the ND has not changed when compared to 1981.

It is to be noted that the PASOK government's performance is found to be intensely negative. As a matter of fact, the percentage of those polled who hold this opinion is three times higher than that in 1985. However, the background of the undecided indicates that they are emotionally close to PASOK.

This closeness is because it is the party that the majority had chosen and supported in the past and the fact, that should not be ignored, that somehow they always feel the need to justify their prior choice. Moreover, the undecided always carry with them the baggage of their positions, their sympathies and dislikes that they developed years ago.

However, what is the position of the undecided toward the very significant subject of the administrative trustworthiness of the government and the opposition?

The answer to this important question leads to PASOK, whose administrative trustworthiness, however, does not reach, among the undecided, satisfactory levels, but is clearly higher than that of the ND. This fact is more significant if one considers that the great majority of the undecided is dissatisfied with PASOK's administration and disappointed with the present situation.

It is also significant to mention that the undecided group shows substantial differentiations on this subject as compared to the entire electorate. Thus, PASOK's administrative trustworthiness among the undecided is positive (+2 percent), while being negative among the entire electorate (-3 percent). At the same time, the negative size of the ND's administrative trustworthiness is much smaller among the entire electorate (-10 percent) than it is among the undecided (-21 percent).

Two Significant Distributions

Finally, what we should bear in mind is that, despite their importance, the undecided are not the only ones playing the game of the next electoral results. There are,

of course, those who have already made a decision. To them will be added the percentages of the undecided who in the end will choose one party or another.

It is evident that to the largest percentage of voters shown in the polls, the ND offers the luxury of the only relatively dangerous loss of the larger part of the undecided. This happens as well when the undecided are divided by party of origin according to their 1985 choice (undecided about their party) and also when divided according to their party of origin and the stated electoral behavior of those who have the same party affiliation as theirs (proportional division). In this last case, that is, we suppose that the undecided who are affiliated with PASOK, for example, will act in the same manner as do the old PASOK voters who state how they will vote.

09731/06662

Power of KKE's Florakis Seen Unchallenged; Succession Discussed

Florakis More Present Than Ever

35210111b Athens TO VIMA in Greek 12 Jun 88 p 4

[Text] The return of an aging gentleman, Mr Kh. Florakis, is one of the significant events of the past few weeks. Until recently the 74-year-old KKE secretary had faded into the background. His public appearances and speeches were rare despite the fact that the KKE was at a crossroads politically: the Central Committee was fine-tuning its theories on "bipartisanism"; the confrontation with PASOK was becoming more serious; the "Coalition of the Left" was making no progress. RIZOSPASTIS would occasionally draft Mr G. Farakos or Mr M. Androulakis to explain the situation. The nature of the statements on the unity of the Left had become more rhetorical while Mr Farakos was warning the members and cadres of his party that unity was good, but difficult and the strengthening of the KKE in the next elections was going to be on the agenda as always.

At Perissos [KKE's headquarters] the powerbrokers at the time spoke more and more often about an election formation of the "Cooperating KKE," a slogan that should not appeal to many cooperating candidates. In Kalamata, Mr M. Androulakis was launching the bitterest attacks against the administration, while Mr Farakos took it upon himself to make known to the Greek nation the KKE's position on the economy, the administration of the 1992 elections and made ambiguous overtures to the EEC, as the occasion demanded.

Even the KKE's cadres were in agreement with the feeling that "Kharilaos is distancing himself from party affairs." Mr G. Farakos had been anointed, after the 12th Party Congress, as head of an upgraded secretariat of the Central Committee, had ensured the cooperation of Mr Androulakis and already appeared to be an heir apparent. On the other hand, with the amendments to

the statutes approved by the 12th Congress, the succession would take place under the guise of a pro forma "dual office" of chairman-secretary or secretary-alternate secretary, thus offering replacement and, at the same time, allowing Mr Florakis to remain in the role of "wise old man." Younger KKE cadres were steadily pushing for a "changing of the guard," actually pointing out that "this is what Kharilaos wants."

However, the postman always rings twice and Mr Kh. Florakis, an old PTT man, must be well aware of the maxim. The "changing of the guard" did not take place and it must be taken for granted that the ranks of the comrades will be led to the electoral battle in 1989 once more under the leadership of their good old secretary. It appears that the "battle for succession" ended even before it had a chance to begin.

In last Sunday's KATHIMERINI and in answer to a question as to whether he considers writing his memoirs, Mr Florakis stated: "...it is natural for me to think, to learn from the past. Of course, if I find myself in a "worry-free" state when the time comes to retire from the position I have—because I do not consider myself to be eternal—I believe I will make an effort to write, if not my memoirs, about what all this history has taught me." Do not tell me that this statement gives the impression of a man getting ready to find himself in a "worry-free" state any time soon.

Mr Florakis is again more present than ever. Last Saturday at the KNE [Greek Communist Youth] Congress he chided many youths by expounding, as he had never done before, the attractions of the "Soviet perestroika." According to the statements of Mr L. Kyrkos, who recently spoke with him, the secretary of the KKE follows with a very positive frame of mind, what is taking place in Mikhail Gorbachev's homeland. His speech in the Chamber of Deputies during the debate on the proposal for censure, was extremely well-balanced as he criticized the administration in substance without adopting Androulakis' sharp rhetoric or Farakos' stilted language. As a matter of fact, this time, while the premier was present in the Chamber of Deputies, Mr G. Farakos was absent.

Finally, in order to complete the picture we should remember Mr Florakis' appearance on Mr Papandreou's side after his briefing on the Greek-Turkish relations at Kastri and his extremely cautious posture on matters of foreign policy. Lest we forget, the KKE secretary "asserted himself" on the Kyrkos meeting, despite the many members of the political office and despite the objections of various professed "unionists" of the same body. Mr M. androulakis' speech in Kaissariani 2 weeks later (from which RIZOSPASTIS the following day omitted several "controversial" passages was indicative of the attitude of certain political office members toward "the comrades on the other side."

Naturally, all this does not mean that Mr Florakis' return signifies more or less a "pro-PASOK feeling" in KKE's policy. Just a few days ago Mrs Loula Logara (of the old-guard political office) undertook to call the opponents of the opposition...to oppose PASOK! Mr Florakis, however, has a natural kindness that lets him express sharp criticism without burning any bridges. (The fact was, of course, coincidental, but a few days ago "Glaros Publications" released the minutes of the Third Congress in 1950. They contain the first official—to our knowledge—speech of the then 36-year old Florakis. It is cast, of course, in the "Zakhariadist" climate of the times with bitter attacks against Partsalidis, Karagiorgis, etc.; it emphasizes his personal indifference toward the policy of Karagiorgis with whom he cooperated closely during the Civil War; however, despite the fact that it was delivered in a fanatical climate, it maintains a relative gentleness.)

In the final analysis, the developments within the KKE before and after the 12th Congress place in serious doubt the traditional ways we had used until now to approach its intra-party proceedings. According to them, the "conflict" brought the "reformers" into opposition with the "dogmatics," a way that has been redeveloped into a confrontation of "Gorbachev supporters" and "Gorbachev opponents." This conflict exists, of course, but it does not seem capable of guiding the intra-party existence. Other factors weigh in the correlations, from the "personal strategies" of many cadres that lead to intentional or non-intentional "undoing of alliances" to the "psychosynthesis" of this great mass of mid-echelon "organizational cadres" that has a special way of handling reality.

There is no doubt that the "return of the old gentleman" is a choice for stability in a party that is tormented by many questions and faces many impasses, even more so because the "French syndrome" does not allow any peace to many at Perissos. In the short term a certain "micropolitical maneuver of policy" was defeated. In the long term, however, the problems remain.

Grassroots Seen Rejecting Florakis Candidacy *35210111b Athens TO VIMA in Greek 12 Jun 88 p 80*

[Text] A great disturbance has taken place recently "within the walls" of Perissos, but it was agreed to keep the matter strictly secret. I reveal to you, therefore, (according to reports by my source within the political office) that many letters have been sent by party cadres who reject even the thought of assigning the office of party secretary to Mr Grigoris Farakos. In their letters the KKE cadres report that any promotion of RIZOSPASTIS' editor, deputy, and member of the political office of the KKE will constitute "a blow to the party and to reform." They call to mind specific incidents of Mr Farakos' political activity in the days of N. Zakhariadis and K. Koligiannis. The letters were sent by cadres of the party organization of Athens, Piraeus, Salonica, and intellectuals and artists. Do you need more?

09731/06662

TURKEY

Commentary Sees U.S. Nod to Kurds as Anti-Turkish Ploy

35540162b Istanbul TERCUMAN in Turkish
14 Jun 88 p 4

["Commentary" column by Professor Fahir Armaoglu: "Separatism and America"]

[Text] We have repeatedly said in the past that foreign governments hostile to Turkey and Turks support the separatist activities in Southeast Anatolia. We realized that this issue has other facets after hearing about the contacts of Iraqi-Kurdish separatist leader Jalal Talabani, who collaborates with the PKK [Kurdistan Workers' Party] and has declared war against Turkey, with U.S. State Department officials and members of Congress last week. This has shown, on the eve of our President's visit to the United States, that "our ally," the United States, has tricks up its sleeve with regard to the Kurdish issue in addition to those regarding the Armenian issue and how it has been indirectly supporting the separatist movements in Turkey. In particular, the U.S. State Department spokesperson's attempt to make these contacts appear cute and well-intentioned by saying that the United States has advised the Kurds to seek their "rights" in the countries they live in was an even worse blunder. What are the Kurds' rights in Turkey? Are their rights being violated? Such a statement means nothing except to say that "we will support you if you act this way." In other words, it is interference in Turkey's internal affairs.

We believe that one remark by Talabani echoes the truth very well. Talabani said: "We have been talking to the United States since 1963." That is true. The revival of the Kurdish problem in Iraq coincides with the overthrow of the Iraqi king by General Qassim in July 1958 and the establishment of a communist regime. That regime granted extensive rights to the Kurds. But this "spring climate" did not last long. General Qassim was overthrown in February 1963 in a coup organized by the Ba'athists and was executed. Because of the Ba'athists' deep sensitivity about Iraq's national integrity, relations between the Ba'ath regime and the Kurds have not been good since that time with the exception of a few short-lived attempts at compromise. In view of that situation, the Shah of Iran who wanted to turn the Gulf of Basra into a "Persian Gulf" incited the Iraqi Kurds and their leader Molla Mustafa Barzani against the Ba'ath regime and continually supplied them with arms while relying on the United States. During that period Barzani relied not on Moscow but the United States with which he maintained very close ties. However, following mediation by several Arab countries, Iran and Iraq signed an accord in June 1975 whereby Iran agreed to end its support to the Iraqi Kurds in exchange for Iraq's consent to cede some land in the Shatt-al-'Arab. Meanwhile, after Iraq and the Soviet Union concluded a friendship and

cooperation treaty in April 1972, Moscow began supporting the regime in Baghdad against Barzani. As a result, Barzani became even more dependent on the United States.

After the overthrow of the Shah in Iran in February 1979, Kurds as well as Azeris and Arabs rebelled against the Khomeyni regime for autonomy, but these movements were suppressed. When Iran failed to defeat Iraq and to topple Saddam Hussein in its war against Baghdad, the Khomeini government began to play the Kurds and the Kurdish issue against Iraq, particularly in the last 1 to 2 years. This move led to cooperation between Turkey and Iraq. Now we see that the United States has begun to loom behind the Kurdish issue. It is evident that the United States wants to use the Kurdish issue as trump card not only against Iran and Iraq but also against Turkey.

9588

Peacemaking in Gulf War Brings Regional Prestige

35540162c Istanbul TERCUMAN in Turkish
15 Jun 88 p 6

[Report by Mehmet Ali Kislali]

[Text] Ankara—Iraq is reviewing the initiative taken in Baghdad by Prime Minister Turgut Ozal's special envoy, Ambassador Nuzhet Kandemir, the undersecretary of the Foreign Ministry. Turkey has not given Iraq a time limit to respond to its initiative. It is reported that Iraq may take 10 or 15 days or even 1 month to think the proposal over and that Kandemir, who will return to Turkey today via Athens, will nonetheless report the atmosphere of his talks in Baghdad to UN Secretary General Perez de Cuellar probably immediately through the Turkish representative at the UN, Ambassador Ilter Turkmen.

During the course of talks in Baghdad, Kandemir reportedly tried to soften Iraq's stance on the UN Security Council's Resolution 598 on ending the Gulf war and "to sell" some Iranian views to the Iraqi government. It is obvious that these contacts would not produce definitive results immediately. While Iran's posture has definitely softened because of the de facto situation, questions persist about the posture of Iraq which has stabilized its position on the front.

While Kandemir was in Iraq, Iran announced that it had launched a new offensive and that it had captured several areas and killed thousands of Iraqi soldiers. Iraq, on the other hand, reported that the captured areas were recovered. This somewhat unexpected escalation was interpreted in Ankara as: "It cannot affect the destiny of the war. Iran tried to convey the message that it is not helpless."

Turkish officials, who like to describe Turkey's policy on the Iran-Iraq war as one of "active neutrality," believe that neither Iraq nor Iran should entertain hopes of a definitive victory and that they must be prepared to compromise.

The latest developments in the statements of Iranian government members and other officials are considered to be fully consistent with the general atmosphere of Prime Minister Ozal's talks with [Iranian Foreign Minister Ali Akbar] Velayati and Perez de Cuellar in New York. Baghdad has not hardened its stance despite its recent military successes. But there is not much optimism with regard to the time Iraq may take to respond to initiatives seeking a compromise. A diplomat said: "Time moves very slowly in the Middle East. It does not work as in other parts of the world. When one says 'it is time to intervene to end the war,' that may mean 10 to 15 days in Europe. But in this region it may mean 3 or even 6 months."

Resolution 598 contains provisions for a ceasefire, the withdrawal of both sides to their pre-war borders and the formation of a commission to determine the aggressor. While Iraq wants all these steps to be taken in the said order, Iran insists that the ceasefire and the determination of the aggressor must occur at the same time. It appears that both sides are taking what the Westerners call "face saving" measures. The efforts of Turkey and Perez de Cuellar are aimed at helping both governments to save face, especially at home, and to end the war.

Kandemir took the Turkish envoy to Baghdad, Ambassador Sonmez Koksak, with him to his meeting with Saddam Hussein's aide, [1st Deputy Prime Minister] Taha Yasin Ramadan. This may indicate that the Ankara-Baghdad traffic will continue for some time.

There are people who are puzzled why Turkey is working so hard on this matter. Some foreign diplomats maintain that "the continuation of the war is in Turkey's interests." Ozal insists that that evaluation is incorrect and that Turkey would benefit economically from the ending of the war. The Ministry of Foreign Affairs thinks that such efforts enhance Turkey's reputation as well as that of the Prime Minister in the international arena and especially the Middle East. They say: "Let us take the initiative, and someone will appreciate it."

9588

Defense Spending Cuts Seen as Expedient for Ozal

35540162a Istanbul *MILLIYET* in Turkish
15 Jun 88 p 8

["Telex" column by Teoman Erel: "Watching Over Defense Spending"]

[Text] If new government revenues of 5 to 6 trillion Turkish lira are not created without printing money and spurring inflation, Turkey will face a very serious crisis.

The signs are evident: Well-known industrial holding companies are dancing the "teeter and collapse." Even spending on the Southeast Anatolia Project has slowed down substantially. The contractors are in panic. And the people are screaming.

It is no longer possible to overcome this crisis through jugglery. New resources are essential. What is more interesting is that in the last 6 months the debates over trivialities have been accompanied with covert discussions on "new resources," and serious proposals have been put forward. The pursuits on this issue have produced three options:

1. New taxes totaling 6 to 7 trillion Turkish lira can be collected from the private sector. It is possible to collect these taxes now, but they are not being collected.

2. Foreign debt payments can be postponed.

3. Major cuts can be made in national defense spending.

It was the Social Democratic Populist Party that proposed additional taxes on the wealthy. This sound revenue source, which may bring in 6 to 7 trillion Turkish lira, was proposed by Deniz Baykal in his speeches before the Assembly on behalf of his party, Arslan Baser Kafaoglu in his public statements and Oztan Akguc in his articles and panel discussions.

The grand bourgeoisie lost its sleep when it saw that the nation's attention began to shift in this direction. As a result, those circles began arguing insistently that the invention of new taxes would be objectionable and unbeneficial. They also pointed to other serious "resources" which would not hurt the business world.

Gungor Uras proposed the postponement of the foreign debt payments. He argued, with fairly convincing numbers, that this step would bring about some relief.

This view was followed by the proposal to "cut defense spending."

TUSIAD [Turkish Industrialists' and Businessmen's Association] loudly promoted this proposal which would spare it from any sacrifices.

Later, signs surfaced indicating that the government, like the private sector, would favor cuts in defense spending in its pursuit of new revenues.

Minister of State Ahmet Kahveci, who had earlier stated that Turkey and Greece can boost their economic development if they reduce their defense spending after relaxing tensions between them, told *MILLIYET* after his return from a visit to China:

"China has cut its defense spending. The share of defense spending in its budget is 8 percent. The Chinese

army produces all of its food supply. Its soldiers worked, and now military factories have begun exporting."

When a giant nation like China, which has some formidable enemies, can hold its defense spending down to 8 percent of its budget, the expenditure of 30 percent of our budget on defense is a truly irrational and outdated policy. Some courageous soldiers who agree with this view have occasionally stated their views. Some soldiers have argued that a smaller army can be used more effectively than the existing one with the use of modern transportation vehicles. But the conservative preference for an "extensive and large army" continues to weigh heavier.

Now, the serious economic crisis the nation faces may evidently move some rocks. Some time ago, government circles began making preparations to "reduce the term of mandatory military service."

If Ozal and his colleagues succeed in relaxing tensions with Greece and having a Motherland Party [MP] candidate elected to the presidency, they may be expected to put their hands on defense spending.

This important economic "resource" is compatible with the MP's political priorities. If they apply coercion on business circles in a bid to raise new taxes, their alliance with them may break down. If they try to postpone foreign debt payments, they may jeopardize their foreign support.

But if they can put their hands on defense expenditures by standing up for yearnings and quests for "civilianization," they may have a chance of regaining their strength both economically and politically.

9588

FINLAND

Air Force Chief Wants AWACS Planes To Detect SLICMS

Cites Cruise Missile Threat

36170051a Helsinki UUSI SUOMI in Finnish
10 Mar 88 p 3

[Article by Jukka Knuuti]

[Text] For our anti-cruise missile defense we must think about procuring some sort of mini-AWACS (Airborne Warning and Control System), Air Force commander, Maj Gen Pertti Jokinen, writes in ILMAILU. In his article Jokinen devotes a great deal of attention to cruise missiles since Finnish generals have up to now underestimated their importance. Nor has the need for radar surveillance devices ever been publicly indicated before.

Jokinen writes that "during the coming decade we will obviously also have to devote our attention to radar surveillance devices to be mounted on aircraft so that detection of low-flying targets like cruise missiles will be more reliable. It will be necessary for us to include some sort of mini-AWACS on our wish list once we have reached decisions on other urgent and indispensable aircraft procurements."

The Air Force commander once more returned to the subject of cruise missiles when he discussed the properties of the new combat aircraft that are to be procured. In his opinion, "the fighter planes to be procured must have a look-down-shoot-down capability; that is, they must be capable of detecting targets beneath them flying against a background of the ground surface, such as cruise missiles."

"During the coming decade cruise missiles will be operational equipment in the arsenals of both superpower alliances. Especially with regard to the choice of their trajectories, they may be tempted to use Finnish air space for them to transit through unless we have seen to it that the risk of being repelled is as high over our territory as it is outside our borders," Jokinen writes.

Akulov Raises Question of Cruise Missiles

Last December Soviet Embassy advisor Albert Akulov raised the question of cruise missiles again in connection with the discussions on security policy. According to him, Finland and Sweden must improve their air defense so that they can repel any cruise missiles fired on the Soviet Union that transit their air space.

In Finland we tend to underestimate cruise missiles. They have been regarded as second-strike weapons; that is, by the time they are deployed, fast strategic missiles launched from underground silos and submarines have already destroyed nearly everything that can be destroyed.

Armed Forces commander, Gen Jaakko Valtanen, commented on Akulov's statement, saying that we have heard other statements too on the same issue from the Soviets.

Sweden Getting Mini-AWACS

The Swedish Air Force is getting the mini-AWACS alluded to by Major General Jokinen. A case containing a long radar antenna will be mounted on the roof of the Metro III troop transporter. The radar is capable of detecting several targets at a time, but it transmits the data to a battle center located on the ground, whereas the Americans' big AWACS guides its own fighters against enemy aircraft.

In terms of price, the Swedish ASGC (Airborne Surveillance Ground Control) is in a different class than that of the American AWACS, which costs over a billion markkas. The price of the mini-AWACS, with its armament and ground equipment, will, however, probably come to hundreds of millions of markkas. As we know, the Swedes intend to procure about 10 radar surveillance devices, the first prototype of which is at present in experimental operation.

Columnist Comments on Article

36170051a Helsinki UUSI SUOMI in Finnish
10 Mar 88 p 3

[Commentary by Jukka Knuuti]

[Text] Air Force commander, General Jokinen, is one of those close-mouthed soldiers whose address—of the many addresses published only a few days ago on the occasion of the 70th anniversary of the Air Force—contained nothing new at all.

This is why it is indeed interesting that he has so clearly stated the importance of our anti-cruise missile defense capability, which the other generals have up to now underestimated.

It is also interesting that in the discussion of air defense procurements he proposed yet another major procurement in addition to investments of over 10 billion in fighter aircraft and cannons.

After his requests for the procurement of radars, no one is any longer about to maintain that Air Force procurements can be resolved solely within the framework of defense budgets without the cooperation of some sort of defense committee.

Poll Indicates Almost Half of Population Opposes Arms Exports

36170070b Helsinki *HELSINGIN SANOMAT*
in Finnish 24 May 88 p 8

[Text] Reaction to arms exports has divided Finnish public opinion. Almost half, 46 percent, of us Finns are of the opinion that arms exports should be discontinued.

Over a third are in favor of increasing arms exports. Over half, 51 percent, of the men support increases in arms exports while only 20 percent of the women are of the same opinion. Nineteen percent left the question unanswered.

The data appeared in a poll conducted last April by the Planning Committee for Information on National Defense.

Of those who favor discontinuing arms exports, 58 percent feel that Finland ought to retain our defense industry at home, even though arms would become more expensive. Of those who support cessation of arms exports, 24 percent are of the opinion that Finland should not buy or manufacture arms at all. Only 7 percent of them would buy arms abroad.

Of those who favor increasing arms exports, 44 percent would sell arms to as many countries as possible, but not, however, to countries in crisis areas. Thirty-one percent would sell arms only to neutral and unallied countries and 20 percent would sell arms without any restrictions.

Combat Fighters Wanted

Two-thirds of us Finns would purchase new combat fighter planes to replace obsolescent ones. Over a third would increase defense appropriations for that purpose.

In the opinion of less than a third, the combat fighters should be procured with the existing appropriations. A fifth of us Finns think that new combat fighters should not be procured at all.

Half support the present level of defense appropriations, a third think that it might be raised and an eighth think that it should be lowered.

The Finns' determination to defend themselves is great, as was shown in the last poll. Depending on how the question was phrased, from 76 to 82 percent of those polled would defend themselves with arms if Finland were attacked.

The Tell Me Company and HTT [not further identified] Service Company conducted the MTS [not further identified] poll. During the poll 980 Finns were interviewed by telephone. The sample corresponds to the population of Finland in miniature.

11466

PORTUGAL

Press' Hostility Toward Armed Forces Decried

35420105b Lisbon *O DIABO* in Portuguese
21 Jun 88 p 6

[Commentary]

[Text] Today, the campaign against the military has reached one of its most strident points. For a long time now, moreover, the orientation of a certain segment of the media has been to report systematically everything—and only that—which indicates pathological aspects in the institution, even when it does not go beyond being an episodic and insignificant case.

Why the Commandos?

At a time when the political authorities, yielding to more or less demagogical, imbecilic, or mean-spirited campaigns (of the "What good is the military?" type) are reducing compulsory military service to 12 months in the Army and 18 months in the Navy and the Air Force, the "progressive" mafia that dominates certain newspapers is also concentrating the crossfire of pseudo public opinion on the elite forces, especially on the "Commandos."

Taking advantage of the sad case of the young men who died during training—the inquiry into which revealed nothing underhanded—an orchestrated propaganda machine is attempting to exploit the natural consternation of some and the stupidity of others, to call into question, essentially, the "morale" of the special troops. In reality, these fabricators and forgers of opinion are not unaware of the fact that these special troops formed the backbone of the military effort overseas, and, especially, the strongest nucleus of resistance to the nation's communication in 1974-1975. And, carrying the point still further, they represent, by their availability, their willingness to take risks, and their unlimited spirit of sacrifice, the one thing that the promoters of the current campaign hate the most: a certain heroic sense of life.

The Real Problem

The real problem, and the one that will have to be faced by the government, by Portuguese society, and by the top officials of the Armed Forces, is not to decide whether military training should be carried out in one particular way or another, but whether this country wants to have, or should have, or needs to have special forces.

If people want special forces, then they must accept training such as it is. Special forces all over the world have always gone through very rigorous training that includes, in addition to great physical exertion and possible risks and even casualties during exercises, a certain number of things that, objectively, are repugnant

and even humiliating, such as wallowing in the mud, eating strange things during survival exercises, and crawling on all fours in the dust.

There are no other known methods for training special forces. If one wants to have such forces, therefore, one must be willing to pay that price. And if we agree in principle that the members of these special forces should be volunteers, we cannot countenance the climate of moral assassination in which certain segments of the press are trying to envelop them and thus destroy them, through contemptible speculation wrapped in an emotional environment which a society worthy of that name knows how to prevent.

It is neither the Commandos nor the Army that are sick. The one who is sick is the society that allows itself to be manipulated and upset by second-rate agitators to the point of turning the standards of judgment and valor upside down.

9895

Candidates to Air Force Leadership Succession Evaluated

35420105a Lisbon DIARIO DE NOTICIAS
in Portuguese 27 Jun 88 p 5

[Article by Eduardo Mascarenhas]

[Text] Air Force Chief of Staff Gen Brochado Miranda will retire from active duty at the end of August because he has reached the mandatory retirement age. Replacing him will not be an easy task for the two institutions who will be responsible for presenting the proposal to the president of the Republic: the Air Force High Council and the government. The five names on the list are Conceicao e Silva, Lino Miguel, Paulino Correia, Mendes Dias, and Fernando Vasquez.

Gen Brochado Miranda, who is about to leave active duty without concluding the term of command to which he was named by the president of the Republic, currently personifies, for many officers of the Air Force, the example of "weak" leadership. For others, he is "not all that bad."

Both sides are right to a certain extent. Due to reasons of health, he has been replaced for long periods of his term in command by his assistant chief, Gen Costa Gomes. Moreover, Brochado de Miranda has always suffered by comparison with his predecessor, Gen Lemos Ferreira, an officer who for 7 years put his own stamp on the leadership of the Air Force staff, a stamp so distinctive that, as both followers and adversaries of the current general chief of staff of the Armed Forces recognize, it comes along only "once every 50 years." The fact that the government had proposed in the spring of 1987 to the president of the Republic that Gen Brochado de Miranda's term of command be renewed indicates that this officer not only did not disappoint the confidence

that had been placed in him by the country's institutional representatives, but that he had fulfilled what had been expected of him regarding the functions of command, administration, inspection, and supervision in the leadership of the Air Force staff.

In other words, when the government proposed last year to the president of the Republic that Gen Brochado Miranda's term of command be renewed (a term of command which will not be completed because of the mandatory age limit), the government was assuming the totally positive character of the leadership of Gen Brochado Miranda in the Air Force.

Those who maintain that this officer exercised "weak" leadership are basing their judgment on parameters that the development of military careers and the affirmation of principles in the domain of the chain of hierarchy and command have been following in the last few years.

They are either not taking into account or else they are underrating another factor—that of seeking a consensus among various currents, motivated by leaves of absence and replacement by an officer with a quite different personality. This search for consensus in functions of command, administration, inspection, and supervision, such as those that Gen Brochado Miranda has been developing, is nevertheless considered as "normal" or "controversial" in other branches of the Armed Forces, which confirms the opinions of both sides.

The Succession

Replacing Gen Brochado Miranda will not be an easy task, not only because of the symbolism of the leadership of Gen Lemos Ferreira, which persists today, but even more so because of the divisiveness that the names of the generals who are in the first line of succession generates within the command structure, which is made up of the modern colonels and brigadiers. In an indirect way, this command structure influences the Air Force High Council, an organization that will have to come up with a list of three officers that will serve as the basis for the government's choice and for the president's naming of the future chief of staff.

Some questions of a political order are also being asked of the government, and particularly of the prime minister.

Tomas Conceicao e Silva, Lino Miguel, and Paulino Correia are the generals with the longest tenure in the Air Force, and, for that reason, are the ones who theoretically have the most points in their favor with the High Councils of their respective branches. However, Mendes Dias and Fernando Vasquez are also names that many officers would like to see in the leadership of the Air Force. They all have a "good name" in the Air Force, factors which weigh both in their favor and against it, in differing degrees.

Conceicao e Silva, although he has been retired from the Air Force for a long time, retains an image of efficiency and dynamism that carries weight for anyone who is working on the equation of Brochado Miranda's succession problem. Everyone knows that the Air Force's "books" are at the head of his bed. However, he has one strike against him. He is the current chief of the Military Household of the president of the Republic, which leads to the fact that Cavaco Silva might, eventually, consider him as a "Belem man." His position also leads many Air Force officers who would like to see him in the staff leadership position to place on the other side of the scales not only the prestige that accrues to their branch of service from the presence of an officer such as Conceicao e Silva at the head of the Military House of the president of the Republic, but also the institutional balance that such a presence could make possible.

Lino Miguel has personal and professional attributes that are similar to those of Conceicao e Silva. He, too, has been retired from the Air Force for a long time. For more than 10 years, he has been the minister of the Republic for Madeira. He has participated in nearly 500 meetings of the Council of Ministers, he moves about easily in the corridors of power and politics, and he usually achieves what he sets out to achieve. Therein lies the main strike against him. Cavaco Silva may not want a military chief who has the know-how of Lino Miguel, who, moreover, just like Conceicao e Silva, if placed in a situation in which he were called on to evaluate the risks of an important decision, would opt for the benefits that a more daring stance would bring to his branch of the service in detriment to his own personal position.

Helder Paulino Correia has also been retired from the Air Force for some time. An adjunct to the chief of the General Staff of the Armed Forces for the operations sector for several years, he is now the Portuguese representative on NATO's Military Commission. In the Army School, he was in the same class as Ramalho Eanes, and he was led by the "hand" of the former president of the Republic to the General Staff of the Armed Forces. His name was mentioned several times as someone whom Ramalho Eanes might have up his sleeve to replace Gen Lemos Ferreira, with whom it was not rare for him to disagree during the period of time that the Council of the Revolution was in force, and even after the promulgation of the Law of National Defense and of the Armed Forces, although he was limited in his actions by this diploma. His connection with the image of Gen Eanes is a negative factor even now for Paulino Correia within his branch of service and in the government. On the other hand, it is doubted that this officer will want to give up the "international salary" that he is drawing in Brussels in exchange for a fourth star. However, he might opt for this path, compelled by the inclusion of his name on the

list to be drawn up by the Air Force High Council. His service record and his seniority make the inclusion of his name almost certain.

Resistance of a Psychological Order

Mendes Dias is being supported by a broad range of colonels. DIARIO DE NOTICIAS has found out that his name appears even in the office of the minister of national defense as being the one that garners the greatest support among that group of high officers. But Mendes Dias was an officer with tasks of responsibility in 1974-1975. During that period, when he received his rank as general, he held the position of chief of staff, which now restricts room for maneuvering, either for the inclusion of his name on the High Council's list or for ranking by the government.

Fernando Vasquez, the Air Force operations commander, is an officer who, along with other comrades, both before and after 25 November, carried out programs to stabilize and rehabilitate the military institution.

His actions to this day are unknown to the general public. But the same thing cannot be said of the military milieu. Many of those who worked with him then now occupy key positions in the Air Force and argue that his service record will be decisive in the choice of Brochado Miranda's successor. But it is not as cut and dried as that. In spite of his excellent service record, starting as a sergeant, going through the Academy and on to his entrance to the staff, Vasquez could well encounter some resistance of a psychological order on the Air Force High Council.

Difficult Choice

The prime minister's position, if we keep in mind the process that was followed regarding the recommendation of the current chief of staff of the Navy, will be that of affirmation, rejecting any "ready-to-wear" candidate.

None of the five officers that we have mentioned and who are being pointed out as the only ones who have the characteristics needed to occupy the leadership position seems to have come pre-fitted with the uniform of the "natural successor," as occurred with Adm Rasquilho Raposo (who was passed over [as published] by Cavaco Silva.) All of them have a common trait in their profile: aptitude for top-flight performance in the functions of command, administration, and supervision as the head of the staff, and the potential to lend prestige to the State's foreign affirmation and projection in the context of its relations with its allies and other countries with which Portugal maintains diplomatic relations.

FRANCE

Thomson-CSF Restructuring Planned
35190069 Paris LES ECHOS in French
20 May 88 p 10

[Article by Didier Pavé]

[Text] Yesterday Thomson-CSF management submitted to the firm's central committee a major reorganization plan including shutdowns of plants and sales of subsidiaries. Thousands of jobs could also be cut as a result.

Alain Gomez has clearly not given Thomson-CSF a moment's rest since the day in 1986 when he decided to reorganize the bulk of its operations into three operational branches: aviation equipment; weapons systems; and, detection, control, and communications systems. No sooner was this new decision-making structure in place than the head of Thomson took advantage of the start of the new year (1987) to reshape its organizational chart. This, it is true, was needed because of a new focus on electronic defense operations following the sale of CGR and semi-conductor operations to SGS-Thomson. On that occasion, new men assumed the offices closest to the president.

The reorganization of CSF did not end with that, and the hardest part was even yet to come. This is what the central committee of the public holding company's subsidiary determined when Mr. Gomez submitted a far-reaching industrial reorganization plan to it yesterday. The objective is still the same: to enable Thomson-CSF to become as competitive as possible in the highly sophisticated defense electronics sector. Today this is the source of 94 percent of the enterprise's receipts, and it is an area where competition is fierce among the American, British, German and Japanese big fish. As always, there will be lots of bidders but few chosen in a fully internationalized market that promises some big contracts in Europe and the United States.

A Strategic Plan

So, according to Mr. Gomez, Thomson-CSF must shake off the weight of its history and turn towards technologies of the future such as optronics or gallium arsenide—the basis for new defense systems products—which it cannot do with its current structure. The plan announced yesterday and presented as being truly "strategic" is vast. It includes both the creation of a new division devoted to optronics and establishment of a subsidiary out of the already existing electronic tubes division, to put it in a more competitive position. It also involves internal regrouping (in the field of radar, for instance), and concentration and streamlining of plants. This means that a number of factories will be shut down, particularly in the Paris region. The last but not least important part of this plan contemplates the sale of several subsidiaries: SEDOC, the Laval Electronics Center, the American subsidiary of Dover visualization tubes. It is obvious that Mr. Gomez has decided not to do an incomplete job and, in view of the magnitude of the decisions to be implemented, everything will not be done in a few days, or even a few weeks. Thomson-CSF management has

said that the initial steps under the plan will take place as early as next month, and that each measure announced yesterday will have to be "evaluated and decided on at the work site."

Job Cuts

The reorganization is so profound that it is easy to imagine that the heads of the public enterprise will be sure to act cautiously, undoubtedly aware that they run the risk of being accused of "breaking" Thomson-CSF. In any case, yesterday Alain Gomez's advisors acknowledged that "all these proposals will affect the plants, as well as equipment and staff," and that reserves have been set aside in the 1988 budget (the amount was not disclosed since negotiations with personnel representatives have not yet begun).

On the basis of a decline in orders and the need to reduce costs, Thomson-CSF already adopted a plan in July 1987 to eliminate 2,450 jobs by the end of 1988. If we add to that regular vacancies that are not filled, around 5,000 jobs will be cut between now and the end of this year, according to the unions. Today none of the executives at Thomson-CSF (which still has about 30,000 employees) wants to risk saying what the impact of this restructuring will be on staff size. It could mean several hundred or even several thousand jobs cut, according to estimates of personnel representatives with offices at the EEC. For Thomson-CSF labor unionists, there is no doubt that there will be immediate reactions, particularly at the plants implicated in this vast operation.

09805

GREECE

Present State, Future of Exchanges With Turkey Discussed

35210110 Athens KYRIAKATIKI ELEVTHEROTYPIA
in Greek 12 Jun 88 pp 24, 25

[Text] In the course of world history it was commonly assumed—if not actually believed—that the political relations between countries developed as a result of previous trade cooperation that constituted the necessary premise for the strengthening of bilateral or multilateral relations of political cooperation. The development of trade since antiquity until our own times, from the Greek triremes and Spanish galleons to international trade that developed despite the absence of official relations between countries, was the forerunner of the establishment of friendly relations between good neighbors.

This common assumption, this teaching of history, is turned around and upside-down in the case of Greek-Turkish relations. The trade relations, which until now, had been wavering and fragile are giving in to the political cooperation between the two countries that has, for all practical purposes, begun in our times with the Papandreou-Ozal meeting in Davos and is now continuing with the meeting in Athens.

Margins

This change in policy (concurrent steps toward political and economic cooperation) was first expressed publicly by Pan. Roumeliotis, minister of National Economy, immediately after his return from Ankara where he participated in the First Congress of Economic Cooperation of the two countries. This was repeated today in the Central Committee by the vice president of the Greek delegation, Gian. Papanikolaou, who stated: "By purely economic criteria there is significant potential for the development of economic relations between Greece and Turkey. However, there cannot be nor should there be economic criteria only. Economic relations must go hand in hand with progress in political and national matters."

This change in policy of the historical "experience" is not at all hard to explain in the case of Greek-Turkish relations. The explanation cannot be found in some distant past, of course (i.e., "400 years of slavery," etc.), today the present generation does not consider it to be an

obstacle to the strengthening of relations. The difficulties spring from very recent events that caused hurt feelings; it is difficult to predict when and if hurt feelings will be healed.

These recent events (the invasion and occupation of Cyprus, claims in the Aegean, etc.) do not create an appropriate economic climate. A pall over the Greek-Turkish relations might cause a Greek businessman who wishes to establish economic relations with his Turkish counterparts to be stigmatized as being a traitor. Even more to the point, there could be no cooperation between state-owned enterprises of the two countries in areas of mutual interest.

This explains the fact that, for all practical purposes, economic relations during the past 15 years have been limited to trading and transportation solely. For instance, it is common knowledge that Turkish products destined for Europe transit through greek territory, while Greek overland transport to the countries of the Middle East passes through Turkey. Industrial, agricultural, and tourist cooperation is either at a very low level or nonexistent. In short, economic relations between the countries are essentially commercial only.

TABLE 1

CATEGORIES OF PRODUCTS	IMPORTS FROM TURKEY					
	(Value in thousands of dollars)					
	1982	1983	1984	1985	1986	1987 Jan-Sept
1. Foodstuffs and livestock	8,159	8,686	7,985	9,025	14,087	10,662
2. Non-edible raw materials	7,383	15,473	11,505	8,940	6,526	2,927
3. Chemical products	401	1,658	1,977	2,927	2,928	2,985
4. Industrial products	1,856	2,278	4,343	2,726	2,395	6,659
5. Machine made and transportation materials	244	457	527	468	1,358	1,375
6. Various industrial items	134	248	2,795	926	1,120	668
TOTAL IMPORTS	18,177	28,800	29,132	25,012	28,414	25,276

The following conclusions are drawn from the data in the above table:

1. The category "Foodstuffs and Livestock" products comprises approximately 40 percent of our imports from Turkey. When the "Non-edible Raw Materials" category is added to the previous one, the total exceeds 55 percent of our imports.

2. On the other hand, imported industrial products from Turkey have shown an upward trend in their penetration of the Greek market. For instance, while in 1980 these products involved about 14 percent of our imports, they have almost doubled in 1986. For the year 1987 (9-month period), they reached 46 percent of the imports, they have tripled since 1980, in other words.

TABLE 2

CATEGORIES OF PRODUCTS	EXPORTS TO TURKEY					
	(Value in thousands of dollars)					
	1982	1983	1984	1985	1986	1987 Jan-Sep
1. Foodstuffs and livestock	1,971	1,822	22,637	6,832	5,598	6,571
2. Non-edible raw materials	42	1,518	3,957	3,862	4,851	17,140
3. Mineral oils-fuels	950	2,337	6,286	895	2,925	3,004
4. Oils and fats	477	2,558	3,50	1,730	4,203	694
5. Chemical products	1,543	2,143	4,833	4,933	3,684	8,219
6. Industrial products	3,974	4,375	14,569	35,474	22,750	26,585
7. Machine-made and transportation materials	201	213	122	649	642	794
8. Various industrial items	414	180	418	296	613	620
TOTAL EXPORTS	9,572	15,146	56,412	54,671	45,267	63,627

From the data in the above table it results that:

1. Agricultural products represent only 11 percent of our exports in 1987, while in 1982 they represented 26 percent. Also, industrial products represented 57 percent of our exports to Turkey as compared to 64 percent in 1982 and 75 percent in 1985.

2. However, exports of "Non-edible Raw Materials" represent a steady increase that rose from 1 percent in 1982 to 27 percent in 1987.

TABLE 3

GREEK-TURKISH TRADE BALANCE			
YEAR	IMPORTS	EXPORTS	(Value in thousands of dollars)
			TRADE BALANCE
1980	11,827	20,214	8,386
1981	21,039	13,537	(7,501)
1982	18,177	9,571	(8,605)
1983	28,801	15,146	(13,655)
1984	29,132	56,412	27,280
1985	25,012	54,671	29,659
1986	28,414	45,267	16,853
1987 (Jan-Sep)	25,276	63,627	38,351

Source: ESYE

In the above table of the trade balance between Greece and Turkey we observe the following:

1. The volume of trade has more than doubled since 1980. This is evident, especially in 1984 when it doubled within 1 year, going from approximately \$44 million US currency to approximately \$86 million US currency.
2. It should be noted that while for a number of years (1981, 1982 and 1983), Greece had a deficit in the trade balance, since 1984 to date it has continued to show profit and, as a matter of fact, has shown a significant difference.
3. Finally, it is worth noting that the volume of trade during the first 9-month period of 1987 reached record heights, even surpassing the till then best year of 1984. The forecast for the last quarter of 1987 is that things will get even better.

Beyond the conclusions referred to in the tables, department officials of YPETHO [Ministry of National Economy] go further by making three additional observations relative to the course of Greek-Turkish commercial relations: First, there is an evident trend in the quantitative composition of our imports from Turkey, according to which unprocessed products are being replaced at an ever-increasing rate by industrial products. That latter seem to encounter difficulties in making inroads in the Greek market. Second, our exports to Turkey consist of 60 percent industrial products that make it easier to find acceptance in the Turkish market than Turkish products find in the Greek market. Third, the volume of trade increased to record levels in 1987, in favor of our

country as a matter of fact, a reality that indicates the potential that can be created if the political climate improves further.

The recent (20 days ago) First Congress of the common Greek-Turkish Cooperation Committee in Ankara (headed by the Minister of National Economy Pan. Roumeliotis and Turkish minister to the premier, Adnan Kaveki) gave the two sides the opportunity to determine and find greater possibilities for economic cooperation.

Turkey gave special evidence of being much more "aggressive" regarding bilateral economic relations. This posture was interpreted as being due not so much to the

vigor of the Turkish economic (8 percent annual growth, but with an inflation rate of 60 percent with 20 percent unemployment), but mainly to the disappointment suffered recently by our neighbor with regard to its expectations for a quick admission into the EEC, a fact that left Greece, after Turkey's hopes were dashed, as the only substitute for the lack of relations between Turkey and the EEC.

According to reports, the Turkish delegation appeared at this congress with complete "dossiers" in as many areas of economic activity as possible, going as far as providing details for future cooperation. Thus, the Turkish delegation proposed, for instance:

To provide a number of services to the Greek islands of the Aegean. Among these services is included the supplying of electric power to the Aegean islands close to the Turkish coast. (Actually, from a purely economic standpoint, the proposal is favorable to Greece in view of the fact that the laying of underwater cables by Greece would be much more expensive. One can, however, easily foresee in what kind of bind the Greek islands would find themselves in the event of a crisis.) Linked to this was the proposal by Turkey for the creation of a common "energy pool" for the Aegean islands and the Turkish coastal areas.

The Turkish delegation also proposed to treat the subject of tourism as a single Greek-Turkish market, with a common approach to tourists from other countries. (Turkey places great emphasis on tourism. In 1987 there were 112,000 beds available as compared to 65,000 in 1983, an increase of 72 percent in 4 years. The goal of the Turkish Government is to reach 200,000 beds in 1989.)

Agreements

There was also a proposal for opening new highway connections between Northern Greece and Istanbul.

They proposed the establishment of a common strategy for marketing in other countries.

They proposed industrial cooperation in the area of petrochemicals, marble, aluminum, foodstuffs, textiles, etc.

They avoided touching on any subject related to the exploration, pumping, and exploitation of oil, evidently to avoid stirring up the "calm waters" of the congress.

This (that is, the detailed proposals of the Turkish delegation) took place on the morning of the first day of the meeting. During the afternoon the Greek delegation set the talks on a totally different basis. Instead of talking about specific areas, the Greek delegates said: "We must talk about the framework for agreements that will create the premises for cooperation in specific areas." It was evident that the Greek delegation was setting, as the first topic of the talks, the legal formalities (which, in accordance with the guidelines of the Greek Government, must go hand in hand with "political" progress), while the Turkish delegation was talking about specific economic cooperation (1050).

The release of the joint communique and its text adopts a different approach on the subject as proposed by the Greek delegation in view of the fact that it mentions that "the establishment of a legal and institutional framework constitutes a major factor of substantial significance for a multifaceted and advance cooperation between the two countries." There is also an agreement to begin negotiations for the conclusion of a series of accords. That is, accords for economic, industrial, and technical cooperation, an agreement for avoiding double taxation, for mutual promotion, and protection of investments, and an agreement for scientific and technological cooperation.

With the congress in Ankara a new chapter in economic cooperation between the two countries has actually been opened. No matter how much one may disagree with the nature of the regime in Ankara, no matter how many reservations one may have—serious ones for that matter—about the sincerity of the Turkish Government leaders (decades of distrust cannot be erased in a few months), no matter how much we may agree with a nation where there is smoldering social turmoil (with 20-25 percent unemployment, with an inflation rate that unofficially reaches 80 percent, with an enormous underground economy of undetermined magnitude, with enormous deficits, and with an underlying threat of an Islamic uprising), nevertheless, one can hardly avoid agreeing about a rapprochement of the two neighboring countries. The new meeting of the two premiers is, therefore, awaited with extraordinary interest.

09731/06662

Drachma Drop Helps Competitiveness of Exports
35210113b Athens KYRIAKATIKI
ELEVTERGTYPIA in Greek 16 Jun 88 p 11

[Text] Data made public by the Center of Export Research and Study [KEEM] show that competitiveness of Greek exports improved in the last quarter of 1987, in terms of both domestic and foreign currencies.

INDEX OF LABOR COST PER
PRODUCT UNIT IN 1987
(1980 = 100 in US Dollars)



According to the same data, the decline in the value of the drachma during the same period contributed decisively to improvement in competitiveness.

Specifically, labor costs per unit of manufactured product (or labor cost product unit) dropped by 5.7 percent the last quarter of 1987, while in five competitor countries (West Germany, France, the United States, and Britain) it increased by 0.98 percent. This development had the practical effect of making Greek industrial products cheaper by 6.7 percent compared to products of our competitors.

This improvement in the last quarter of 1987 reduced the erosion of competitiveness which, in the January-September 1987 9-month period went up to 12.3 percent. Thus, during the January-December 1987 12-month period products of Greek industry became, as a whole, 4.8 percent less competitive. Cumulatively, in this same 12-month period, competitiveness of Greek products improved in domestic currency by 2.8 percent.

More specifically in this period, the index of labor costs per unit in Greek industry increased in U.S. dollars by 9.2 percent, while the corresponding index of competitor countries increased by 12.4 percent.

Thus, as a whole, during the January-December 1987 period and in domestic currency, products of Greek industry became, in terms of labor costs per unit, 2.8 percent cheaper than products of our competitors.

07520/06662

Early Retirements Seen Aggravating Economic Future

35210113a Athens KYRIAKATIKI
ELEVTHEROTYPIA in Greek 5 Jun 88 p 7

[Article by Eleni Kokhaimidou and Martha Vrettakos]

[Text] The proposal to raise, in the future, retirement age limits which now form the exception (regular retirement age is 65) was the subject of intense disagreements between the government and the working people last week.

Analyzing the proposals in the 1988-1992 5-year plan, National Economy Minister Panagiotis Roumeliotis and Deputy Minister of Social Security N. Rizogiannis said in part:

"The variations which exist within the social security system in Greece give rise to enormous inequities. We cannot cope with mobilized demands to reduce the retirement age to 55 or 57 when the trend in the EEC is to stabilize or even raise the retirement age, unless we want to retire the Greek economy before its time."

Reactions

Immediate chain reactions by the trade organizations following the above statements caused new (explanatory) statements, both from the minister of national economy and the minister of finance. The first said there is no intention of raising the age limit but neither is there any intention to lower it. In other words, it will stay at 65. On his part, the minister of finance explained that "if the retirement age was lowered Greece would become a land of retirees."

The working people warned that they will fight any attempt to undermine their pension and insurance rights.

The issues was not raised without cause. There is a serious problem concerning the lowering of the retirement age. According to Ministry of Social Security data, 40 percent of all working people retire before they reach 60—a fact which burdens the pension funds with tremendous costs.

Impossible

The tables published in KYRIAKATIKI ELEVTHEROTYPIA show that the percentage of retirees is high compared to the total number of insureds. A glance at the second column (percentage of early retirees on the

total number of insureds) clearly shows that a large number of working people retire before they reach 65, with the result that pension funds carry a heavy burden and their survival is thus at stake.

month for pensions. Recently, TEVE's president stated that the fund is not able to pay pensioners and at the same time asked for state financial support.

For example, the Greek Craftsmen's and Tradesmen's (Insurance) Fund [TEVE] spends 2.5 billion drachmas a

In any event, the appropriate ministers stated that the established rights of the working people will not be

TABLE 1

PENSIONERS OF THE PRIVATE SECTOR

Fund	Total Insured	Total Pensioners	%	Total of Early Retired Persons	%
1. OGA	3,160,000	802,000	25.4	168,000	21.0*
2. TSN	37,500	12,745	34.0	6,177	48.5
3. TEVE	410,000	115,300	28.0	16,113	14.0
4. TSMEDE	50,000	6,540	13.0	126	2.0
5. IKA	1,719,000	540,000	31.4	156,712	28.8
6. TSAY	52,470	10,300	19.6	--	--
7. TAE	148,000	19,000	13.0	--	--
8. TSA	72,000	23,767	34.7	3,230	13.6

* The last column shows the percentage of early retirees compared to the total number of retirees (but not of the insureds).

Key:

1. Farm Insurance Organization
2. Judiciary Personnel Pension Fund
3. Greek Draftsmen's and Tradesmen's (Insurance) Fund
4. Pension Fund for Public Works Engineers/Contractors
5. Social Insurance Fund
6. Medical Personnel and Self-Insurance Pension Fund
7. Merchants Insurance Fund
8. Drivers Retirement Fund

TABLE II

PENSIONERS OF THE PUBLIC SECTOR

Civil (ministries, Federation of Greek Pensioners, municipalities....)		111,000
Military and veteran		
Total pensioners (Finance Ministry)		
Total expenditures [drachmas]:	1986	143,619,578,000
	1987	160,235,000,000
	1988	208,325,600,000

tampered with, and neither will demands be accepted for lowering the retirement age limit.

Until 1984, public servants normally retired after completing 33 to 35 years of service. After the enactment of Law 1505/88 (unified salary scales) many civil servants left the service since they had reached the top of the scale after the 29th year of service. Now the government studies ways to restructure the scales and offer civil servants motives to stay.

07520/06662

NORWAY

'Low-Growth Trap' Threat to Economy, Says Bankers Group

36390074 Oslo AFTENPOSTEN in Norwegian
1 July 88 p 5

[Article by Kjell Hansen: "Norway Can Fall Into a Low-Growth Trap"; first paragraph is AFTENPOSTEN introduction]

[Text] Exports are growing, imports are sinking, private consumption is going down, we are gradually entering a better balance. Thus can the Norwegian economy be described, and thus it is being described by the government.

But it can also be seen and stated differently. The foreign debt is increasing all the time, while Norway's ability to cover it is growing weaker. Because we have not grown any further within the economy, industrial investments are going down, but public expenditures continue to rise. Overall, perhaps, we are consuming less, but what we are consuming now is the seed corn.

Briefly restated, this is how the Bank Association views the situation which the government is so satisfied with. The association is concerned that we are not by any means heading out of problems, but into them. If we continue on as now, Norway runs the risk of falling into the "low-growth trap" in which Denmark found itself in the 1970's. Public consumption was never adequately restricted. Therefore, the level of interest rates remained too high. And, so, this affected investments, which again resulted in low economic growth. Low economic growth provided too little to export. And, therefore, the total deficit in foreign trade and the servicing of old money lay like a millstone around the economy's neck.

The Market Outlook

Back to Norway in 1988. We are not listing quite so far, but the ship is lying steadily lower in the water. And we have lost our propulsion. This is all the worse since the favorable winds that we have, in the form of increased exports, are due to the fact that, for the time being, market conditions for our traditional trading products are good. The day that prices and demand sink, we sink

too. Because nothing has happened regarding the structure of the Norwegian economy itself, because we have not provided ourselves with several legs to stand on, because we have not added a single cubit to our stature.

The Way To Go

We will achieve a lasting improvement in the shape of all-round economic growth only by moving more of our collective national assets—our manpower, our capital, our knowledge—over from the public to the private sector, and over from protected production for the domestic market to export products that are exposed to competition. But how is this done?

It is clear that economic policy by itself does not determine how resources will, in the final analysis, be allocated. In any case, this applies when the way leads (must lead) from the public to the private sector. The public cannot dictate which paths private production will take; it is possible, at the most, to remove barriers to advantageous development, to help it from being impossible. Qualified manpower is in short supply in today's Norway. Consequently, public budgets must be tightened up in order to make more manpower available for the competitive industries. But this does not mean that industry will automatically take advantage of the available work force. It is like the difference between skiing conditions and going skiing: that possibilities are there does not mean the same thing as that they will be used.

Confidence

Growth in industry is the result of an endlessly long series of individual decisions which, in turn, are based upon positive expectations for the future. In order to get growth, there must be new investments and more and better work. But this will only happen if those who are to make a decision, or take a job, or a risk, believe that there is profit in this. This belief must be fairly strong, because of all the uncertainty which goes along with changing jobs and places of residence, and because of the long time which elapses between when money is put down until the time it provides a yield.

In the Wrong Direction

Here, the government has surely made its biggest mistake since the one that it embarked upon 2 years ago. It has paralyzed growth by aggravating conditions and by weakening confidence. The country requires the creation of increased capital, but they have created poor conditions for saving. Industry requires an active stock market, but today the market lives under the cloud of higher taxes on profits and turnover. We need more people who will do more work, but the will to work is being sapped by higher taxes, on the one hand, and by shorter working hours and overtime prohibitions, on the other. In a number of areas where public monopolies have created bottlenecks, new limitations are being imposed in order to hinder private alternatives.

Such attitudes, and such a policy, which can lead Norway into what the Bank Association calls a low-growth

trap, are evident. With only a little time under way and a little sail set, we will lose our maneuvering ability. It was interesting that the former government, which benefited from very high oil profits, was also very concerned about creating an improved basic environment, which could make us less dependent upon oil. While the present government, with weak oil profits "is reducing" possibilities to achieve an industry that is capable of competition—one with a broader wingspan than that which the North Sea can give it.

Political differences are often exaggerated. But just as often they are underrated.

13032

PORTUGAL

EEC Membership Reportedly Affecting National Economy

35420107 Lisbon O JORNAL in Portuguese
1 Jul 88 p 2-E

[Article by Daniel Amaral]

[Excerpt] Greece is a country with a population of 10 million, substantially equal to that of Portugal, although it has a 50 percent larger surface area. In a comparison of per capita income, it is seen to be the second poorest country in the EEC, following ours, with an average of only 5,000 ECU's per year, essentially half of the European average.

Greece joined the Community in 1981, without a doubt hoping for the incentive effect this membership would have. And since then?

Looking back, it can be seen that before membership, the economic growth of Greece was almost always higher than the European average. Since joining the Community, this country has almost always had a lower growth figure, which means that Greece has been digging the already tremendous chasm separating it from other countries ever deeper. And matters seem to be deteriorating. In 1987, only 2 of the 24 OECD member countries showed negative growth, and Greece was one of them.

A number of factors contributed to this negative development. First of all, there was a complete catastrophe in the investment sector. It suffices to note that at the end of 1987, the volume of gross fixed capital formation was the equivalent of 85 percent of that seen in the year immediately after it joined, i.e., in 1980! Second, there was very slow growth in private consumption, reflecting continuously declining wage development. And finally, there was a trade balance that was increasingly out of balance, with imports almost always increasing more rapidly than exports. This was the reason for the unchecked climb in the foreign debt, which only began to slow a little beginning in 1986.

But if the post-EEC period was a disaster in the foreign relations sector, it was equally so in the domestic economic sector. Incapable of surviving without recourse to monstrous state budget deficits (13.6 percent of the gross domestic product in 1985!), a powerless Greece experi-

enced a spiraling increase in its public debt—65.4 percent of the gross domestic product at the end of 1987, and still mounting.

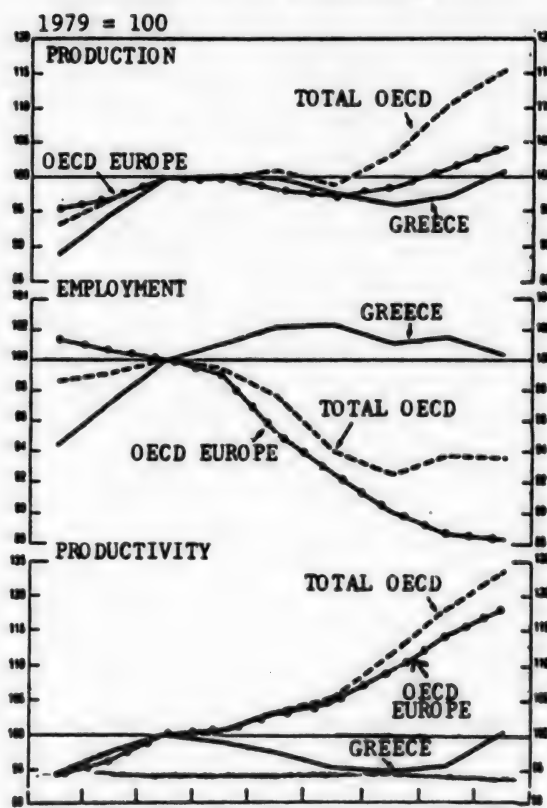
Curiously, despite this disaster, employment in Greece is capable of reasonable growth, and its unemployment rate (7.6 percent) is still clearly lower than the European average (11 percent) today. But everything suggests that this employment was basically underemployment, since, in the meantime, productivity did not increase by even 1 millimeter (see Chart 1). Naturally, all of this was reflected in wages, which declined by 10 percent in real terms in the 2-year 1986-87 period alone.

Another intriguing factor in Greece has to do with inflation. Before this country joined the EEC in 1980, its rate was 25 percent, as compared to a European average of 12.8 percent—slightly less than double. In 1987, 7 years later, it is still 16 percent, as compared to an average of 3 percent—more than five times as much. What happened to the benefits of the incentive effect?

Chart 1

GREECE

Development of the Processing Sector



Not even the increase in employment could bring about an increase in production. Since Greece joined the EEC, its industrial productivity has been a disaster.

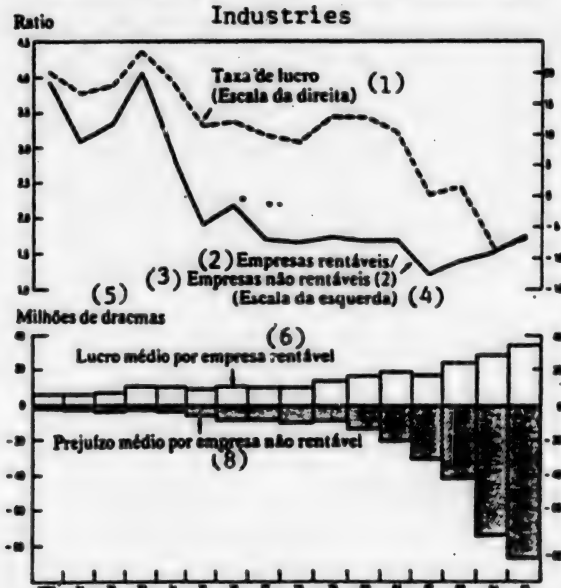
Source: OECD, Greece--July 1987.

It might have been hoped that with wages so low, the benefits would perhaps go to the enterprises, which would perhaps be unsuitable recipients for so much plus value. But, unfortunately, not even that has occurred. The profitability of Greek enterprises has been declining in frightening fashion, and the losses are growing larger (see Chart 2).

Chart 2

GREECE

Profits and Losses in the Processing Industries



- (1) Rate of profit (in relation to company capital) (scale on the right)
- (2) Profitable enterprises
- (3) Unprofitable enterprises (ratio in relation to the number of enterprises)
- (4) (scale on the left)
- (5) Millions of drachmas
- (6) Average profit per profitable enterprise
- (7) Average losses per unprofitable enterprise

With profitability plunging, the number of profitable enterprises today is still close to the number of those which are not. With one difference--the losing enterprises are losing more than the profitable ones are gaining. Greek industry is sinking ever deeper.

Source: OECD, Greece--July 1987.

Poll Shows Popular Dissatisfaction With Economic Performance

35420113 Lisbon SEMANARIO in Portuguese
2 Jul 88 pp 3, 4

[Article by Jose Eduardo Barreiros]

[Text] The Portuguese are dissatisfied. More than that, they are apathetic. They feel they don't have much money, and that there is little prospect for increasing their already small nest eggs. These are the general conclusions drawn from a study published by Norma, exclusively for SEMANARIO, on the public's assessment of the "country's economic situation." The survey was taken in January of this year, using as a universe the 7,465,000 Portuguese over the age of 15 who live in continental Portugal.

Slightly more than one-third of the Lisbon area respondents queried about the general economic situation in Portugal during the previous 6 months thought that the situation had stagnated. In contrast, people in Porto felt that the situation had worsened a little. Respondents in the coastal and southern interior regions were unanimous in their opinion that the country's economy is at a standstill, moving neither forward nor backward. In the northern interior region, however, the people are satisfied: 29.4 percent think that things have improved.

The men and women of this country between the ages of 15 and 100 are in agreement about the current situation: It seems that the country has stopped. Likewise, both the lowest-paid worker and the best-paid administrator also believe that the economy has come to a halt. Whereas in the past the highest economic classes believed that the country was changing and the less privileged classes said that things were just the same, now both groups are in agreement. Everything is just the same, and they only hope that it doesn't get worse.

While the previous question evoked some disagreement, the question concerning expectations for the general economic situation for the next 6 months met with unanimity: In the north, the south, the coastal area; in Porto and in Lisbon; among men, women, the elderly, the young, the rich, the poor--and the less poor and the less wealthy--there is agreement that everything will stay the same.

Let us take a look at the economic status of the individual household during the past 6 months. For 55 percent of the Lisboans, things are just the same. In the southern interior region, 63.8 percent of the respondents also believe that things are unchanged. In Porto, 48.6 percent say that the situation has stagnated. They are buying the

FEDERAL ECONOMIC SITUATION IN PORTUGAL DURING THE PAST 6 MONTHS

[illegible]

GENERAL ECONOMIC SITUATION IN PORTUGAL DURING THE NEXT 6 MONTHS

[illegible]

same steaks as they used to buy. In the coastal area, 62.6 percent think that their household economic situation is exactly the same as before. In the northern interior, 54.4 percent also agree on the stability of the situation.

Sixty percent of the women—perhaps because they are the ones managing the household budget—think that their situation is at a standstill. As for the men, 54 percent of the respondents are of the same mind.

The views of the high economic class and the lowest class are the same. The economy features neither highs nor lows. More than 55 percent of the ordinary people believe that the economy has stagnated. Perhaps because they have already seen so much, 64 percent of the oldest respondents also believe that the situation has stagnated. The youngest respondents are the most moderate: "only" 55 percent say the same thing.

Everyone also agrees on their expectations for the household economy during the next 6 months: things will stay the same. At any rate, this consensus is more general among the residents of the coastal and southern interior regions: About 56 percent expressed this view. In Porto and in the northern interior region about 45 percent agreed with this, and in Lisbon, 51 percent say the same thing.

In conclusion, all the respondents agree that their household economic situation will remain the same through the end of the year. At least they are no longer talking about belt-tightening or speaking in other more or less vulgar and tasteless terms. Now they are saying that on 29 December they'll be eating some nice grilled meat for which they paid the same price as we are paying today. Could this be true?

Let us look at specific items now. How about it? Is it worth making some purchases now, or not? Would it be worthwhile to go out in all this heat and strong sunshine to do some shopping?

In Lisbon, 50 percent of the respondents thought not. They say it is not really worth it. The prices are high, it's terribly hot out, and nothing has changed in the stores. In Porto, 33.7 percent say that it is neither worthwhile, nor has it stopped being worthwhile, to make any particular little purchase. If you need it, buy it; if not, it doesn't matter either. Nor are 45 percent of the people in the coastal and southern interior regions in the mood for shopping. They say that this is a rather unfavorable time to buy. In the northern interior, perhaps for reasons of local pride, shopping considerations don't attract people's attention: 34.5 percent answered that they didn't know whether they would be interested in buying now. Maybe they had already done all their Easter shopping and were already saving to buy more turkeys at Christmas.

In general terms, the public believes that, somehow, this is not the ideal time to buy.

HOUSEHOLD ECONOMIC SITUATION DURING THE NEXT 6 MONTHS

		Sex		Age						Socioeconomic Status				Region			Residence				Over-50, br.													
				13-24	25-34	35-44	45-54	55-64	65+	Un-der 18	High-est	Upper-Mid-dle	Low-est	Offi-cial	Coast	Port	To 2,000	10,000-19,999	20,000+	Non-Span.														
7 and	Male	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42
Clearly improved	8	7	14	10	5	12	—	—	32	6	2	—	16	9	5	2	3	—	3	4	3	11	4	—	—	—	—	—	—	—	—	—	—	—
Somewhat improved	16.5	19.9	14.2	11.6	11.5	12.4	10.9	10.8	29.5	21.8	10.8	9.3	15.0	22.5	15.5	17.5	13.7	13.5	17.8	19.3	23.8	11.5	—	—	—	—	—	—	—	—	—	—	—	—
Stagnated	38.2	36.0	38.1	37.6	37.5	37.0	35.9	36.7	56.7	56.4	61.4	55.3	55.0	45.6	62.6	54.4	43.8	50.9	56.3	61.0	65.4	49.1	—	—	—	—	—	—	—	—	—	—	—	—
Slightly worse	18.6	17.6	18.3	17.6	16.6	17.0	15.9	17.1	9.3	17.1	20.5	21.4	20.2	21.0	13.0	22.3	18.4	18.1	19.6	17.9	21.9	21.4	—	—	—	—	—	—	—	—	—	—	—	—
Much worse	4.3	3.8	4.8	3.5	2	3.8	7.3	—	1.4	4.8	11.0	11.0	3.8	1.4	3.9	2.2	1.6	4.0	1.7	3.9	3.1	10.7	—	—	—	—	—	—	—	—	—	—	—	—
Don't know	2.1	2.7	1.5	2.6	2.9	1.8	1.4	1.4	1.4	2.4	1.9	2.6	1.2	1.3	2.5	3.5	1.6	2.2	2.3	2.1	1.7	1.0	—	—	—	—	—	—	—	—	—	—	—	
No response	3	1	4	7	—	—	—	—	—	2	4	3	3	3	3	—	3	3	1.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	

	6	9	4	1.1	—	9	7	5	1.6	7	2	7	10	3	8	—	6	—	9
Clearly improved	19.9	21.2	17.1	28.4	26.0	12.2	13.3	11.0	26.0	27.3	14.2	9.5	19.0	26.0	18.0	17.5	17.3	21.2	22.7
Somewhat improved	52.4	50.1	54.4	51.5	46.0	51.7	48.0	53.0	53.0	51.2	56.5	45.1	51.7	44.9	56.1	46.4	53.2	54.2	45.1
Stagnated	12.0	10.5	13.4	3.8	9.8	19.8	18.0	12.3	8.0	10.2	11.9	18.3	13.5	17.5	7.2	13.8	11.6	14.8	16.2
Slightly worse	3.8	4.5	3.2	2.1	9	3.8	4.4	6.6	1.7	2.1	4.2	7.2	7.5	1.4	4.3	—	3.0	3.6	3.0
Much worse	11.7	12.1	11.2	11.1	14.4	5.6	15.5	11.6	7.7	8.4	11.8	19.2	7.3	3.5	12.9	21.9	13.8	6.1	12.3
Don't know	4	6	3	2.0	—	—	—	—	—	—	1.1	—	—	—	—	—	5	1.1	—
No response																			

Another question that was analyzed in this survey was whether or not the respondents intended to "put some money away" during the next 6 months. Most Lisboans (44.5 percent) said no, certainly not. In Porto, on the contrary, 38 percent thought it was likely that they would be able to save something. In the coastal region, 37.8 percent are not going to save anything, while 32.5

INTEREST IN MAKING PURCHASES AT THIS TIME

Good Time to Buy	14.8	13.8	15.7	20.6	16.0	13.4	11.9	11.8	22.2	18.2	12.4	8.6	18.4	23.0	14.0	6.0	14.0	9.6	22.7	23.4	21.6	12.7
Neither Good/Bad	26.9	28.4	27.3	31.3	30.4	29.8	22.5	22.0	37.8	30.7	26.2	13.6	24.6	36.0	23.4	31.8	27.1	27.8	28.6	22.9	39.1	22.2
Rather bad time	42.5	43.1	42.0	32.8	41.0	46.0	46.3	47.0	30.6	42.7	46.6	41.0	50.8	33.7	45.6	27.6	44.3	41.4	37.0	47.0	32.2	52.4
Don't know	15.8	16.7	15.1	15.2	12.6	10.8	19.3	19.2	9.4	8.4	14.8	33.9	6.2	7.2	16.9	34.5	14.6	21.2	11.8	6.8	5.2	12.7

INTENTION TO PUT MONEY AWAY DURING THE NEXT 6 MONTHS

Yes, certainly	5.6	6.6	4.8	8.1	7.2	4.2	5.1	3.8	11.3	7.7	4.4	4	9.8	9.1	5.0	1.3	2.2	1.8	7.4	9.1	11.1	3.7
Yes, perhaps	26.4	26.6	26.3	39.5	31.5	25.6	17.6	18.5	43.2	29.9	26.4	7.5	21.2	38.1	32.5	18.1	18.7	25.3	12.1	28.0	39.6	16.5
Probably not	22.2	19.9	24.2	20.2	22.9	25.8	19.5	22.9	16.6	28.6	20.5	21.3	20.3	16.5	18.7	23.2	21.7	22.4	24.5	21.0	13.0	16.3
Certainly not	36.8	36.3	37.2	23.6	27.1	42.7	47.7	45.0	25.5	25.8	39.1	57.5	41.5	29.4	37.8	31.3	33.0	37.4	25.6	33.4	27.2	60.7
Don't know	8.9	10.6	7.4	8.6	11.3	3.7	10.2	9.8	3.4	8.1	9.6	13.4	4.2	8.9	6.1	26.1	6.4	11.1	4.8	8.5	8.7	2.8

percent are still considering doing so. In the northern interior, people are sure they won't be saving anything, and in the southern interior it is probable that they won't put anything away either, at least not until Christmas.

Men and women agree on this point: Most say that they will not be putting money away. Portuguese under the age of 35 say they probably will, however.

The desire to spend begins at the age of 35. At that point, no one wants to save anything. Certainly not, they say. What is really worthwhile is to go places, eat well, and enjoy themselves.

Technical Data Universe: Individuals over the age of 15, residing in continental Portugal in localities having more than 10 inhabitants. Sample: The selection was polyphasic: In each stratum the localities and sampling points were selected by random techniques; in each locality, the households were selected by the random itinerary method from the initial addresses, which were also chosen by chance. At each home the Kish method was used to select one individual respondent per household. Sample Size: 997 individuals Interview Method: Direct, personal, in the home of the respondents and using structured or semi-structured questionnaires. Field Work: The interviews were conducted between 8 and 22 January of this year. Supervising Institution: Norma, the Portuguese member of the Gallup International group.

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TURKEY

Funds Found To Resume Ataturk Dam Construction

35540164a Istanbul HURRIYET in Turkish
19 Jun 88 p 4

[Report by Serdar Turgut]

[Text] Ankara—The most important structure of the Southeast Anatolia Project [SAP] was rescued thanks to the sensitivity of President Kenan Evren and Prime Minister Turgut Ozal over this issue.

In a private meeting after a tour of the SAP, President Evren expressed to Prime Minister Ozal his feelings of dismay over the suspension of the construction of the Ataturk Dam. Sharing Evren's concern, the Prime Minister instructed Deputy Prime Minister Kaya Erdem to find a solution to the problem. At a meeting chaired by Erdem and attended by the relevant ministers last Tuesday it was decided that the government will appropriate 270 billion Turkish lira by the end of the year for the construction of the Ataturk Dam. This decision was conveyed to President Evren who was reportedly very pleased with it.

During Evren's tour of the SAP which began on 7 June, the President stayed in facilities on the Ataturk Dam construction site and, as a result, expressed keen interest about the dam's construction. When Evren, who believes that the dam is very important for the early completion of SAP, learned that the construction of the dam had been suspended for the last 3 months because of a shortage of funds and that even the workers' wages had not been paid, he was extremely dismayed and expressed his sensitivity on this issue to his entourage.

Taner's Rebuke

The atmosphere of the President's SAP tour suddenly became tense when Motherland Party deputy leader Gunes Taner said: "President Evren is openly engaging in politics in order to get reelected. He should have gone to Kilyos rather than visit the SAP." Returning from his tour in this tense climate, Evren met with Ozal.

The Evren-Ozal meeting proceeded in an atmosphere of mutual understanding, contrary to expectations that it would be marred by the tense climate created by Taner's rebuke. Evren conveyed his impressions of his SAP tour to the Prime Minister and expressed his sensitivity with regard to the status of the Ataturk Dam.

Ozal said: "This is a truly important issue. We will take care of this issue." He thus indicated that he shares the President's sensitivity.

Instructions to Erdem

After his meeting with Evren, Ozal sent a note to Deputy Prime Minister and Minister of State Kaya Erdem asking him to work on the issue and to find a solution.

Acting on that, Kaya Erdem convened a meeting last Tuesday. The meeting was attended by Minister of Public Works and Resettlement, Safa Giray; Minister of Finance and Customs, Ahmet Kurtcebe Alptemocin; and Minister of Energy and Natural Resources, Fahrettin Kurt. It was agreed at the meeting that once the problem of funds is resolved the construction of the dam could continue without any other problems and the wages owed to the workers could be paid.

It was decided at the meeting to appropriate 270 billion Turkish lira by the end of the year to rescue "the centerpiece of SAP." The first 10 billion Turkish lira of that was paid to the Ata Construction Company 2 days ago. Ata is the prime contractor of the Ataturk Dam. It was also decided to channel another 40 billion Turkish lira to the construction project in July. The participants at the meeting also decided to transfer funds to the project regularly every month until the end of the year in order not to interrupt the construction work.

Commentary on Government's Part in Top-Company Failures 35540164b Istanbul HURRIYET in Turkish 20 Jun 88 p 5

["From Last Week to This Week" column by Coskun Kirca: "The Results of Faith"]

[Text] It is well known that the Ercan Holding Company has accumulated large debts and that it has put a major portion of its assets on sale to extricate itself from this situation. But the issue cannot be viewed as the problem of Ercan Holding alone, because the closure of factories associated with that troubled company will create an unemployment problem of major proportions.

The cause of Ercan Holding's troubles stems from flawed assumptions in the planning of large new investments. In making its decisions for large new investments, Ercan Holding had in mind that the rate of inflation was 27 percent at the end of 1983, that the government had promised to cut this rate by 4 percentage points every year, that on the basis of these promises the rate of inflation would be 6 to 7 percent in 1988 and that in that case the Turkish lira would maintain its value relative to foreign currencies. When all these assumptions turned out to be wrong, Ercan Holding was faced with the prospect of not being able to pay the loans it had borrowed.

Now our press is debating the issue of "who is responsible for Ercan Holding's circumstances." Some blame the Motherland Party government for Ercan Holding's current troubles and argue that the government must support the said company which bears no responsibility for its situation.

Others argue that, as a private company, Ercan Holding must have calculated the risks of having faith in the government's promises and that, consequently, the owners of the company must bear responsibility for their present predicament. Who is right?

Private Firm's Responsibility

In our opinion, both views contain correct and flawed elements.

It is true that no company can shirk its own responsibilities by simply saying that it trusted the government's promises. The government's forecasts and promises constitute only one of the factors that a private firm must take into account for its plans on future operations and investments. Moreover, there is no country where the government's forecasts and promises on economic developments can be considered as indisputable and entirely true facts.

Each private firm must evaluate on its own the chances of realization of a government's forecasts and promises for the future in the light of the measures taken and the

policies pursued by that same government and decide whether those forecasts and promises are consistent with the government's actual measures and policies. A firm that does not heed this wisdom cannot shirk its responsibilities for its own fate if the government's forecasts and promises do not come true.

And because of that it cannot ask the government for assistance.

In countries with well-developed market institutions, the share prices of such firms—like all other troubled firms—go down; those shares are bought by other entrepreneurs, and the ownership of the company thus changes hands. As a result, however, the firm's production activities continue, or at least the continuation of those activities becomes possible.

Given that in our country this avenue of action is in practice closed, the private firms have to do their borrowing from banks. Sensible banks demand serious collateral instruments before they lend any money; if they cannot collect their money in due time, they fall back on those collaterals. This process may at times result in the seizure of the firm's industrial facilities or the firm itself by the lending banks.

In a properly functioning market economy, banks which acquire such facilities through the process described above must seek ways of transferring them back to industrialists. But in a market system like ours which does not yet have an adequate institutional base, rigid legislation banning the banks from including such industrial facilities in their assets under any circumstances may lead to grave consequences. In view of this situation, although legislative measures restricting the banks' industrial participation are correct in principle, it would be wise to modify them to accommodate these peculiarities in our country.

Government's Responsibility

Yes, Ercan Holding is responsible for its mistakes. But does not the government have any share of responsibility?

In our opinion, the government's responsibility in such cases is political. It is a fact that the rational, orderly, and productive operation of a market economy is dependent

on the self-consistency and stability of the government's economic and social policies. It is clear that Ercan Holding should have foreseen the outcome of the toleration of large budget deficits by a government which had promised to cut the inflation rate to 6 percent a year by 1988. Indeed, much wiser holding companies made their plans disbelieving the head of the government—while heaping praise on him in the arena of talk—judging from the fact that they did not commit the mistake Ercan Holding made. However, this mistake by Ercan Holding cannot mean that the government is not responsible for the instability and mistrust it created in the private sector as a result of its own inconsistency. This responsibility is restricted to the political domain, and the final reckoning will be given at the general elections.

The State's Responsibility

If certain measures by a government constitute the basis of a private company's particular investment, later modifications in those measures naturally give rise to financial responsibility on the part of the state. For example, if a government guarantees the currency exchange rate with regard to loans needed for an investment and then changes the exchange rates, the "administration" must compensate the company for the resulting losses.

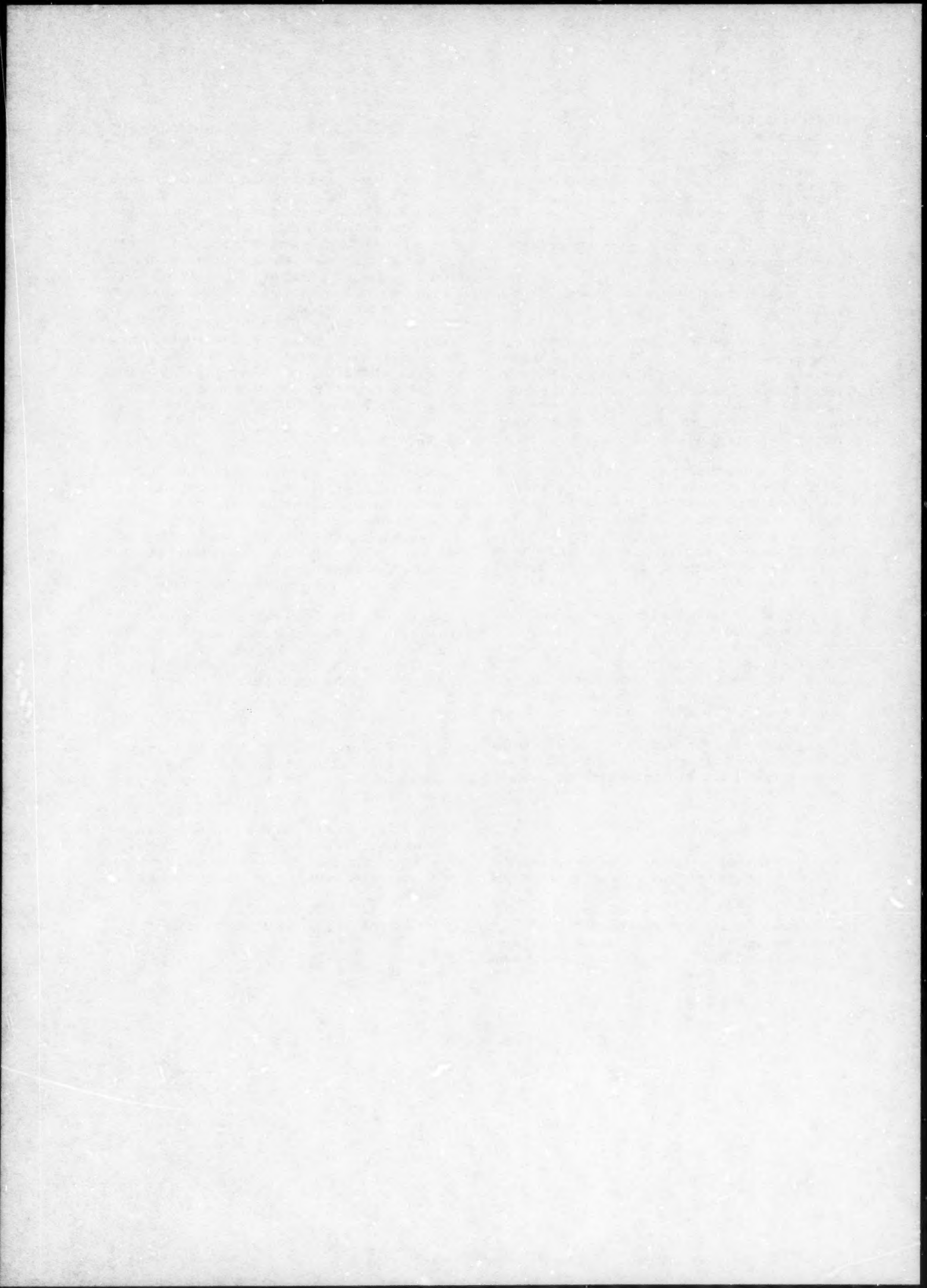
We do not think that Ercan Holding's circumstances fit this category. Because in the case described above the state has a legal liability arising from a particular administrative measure. It is one thing not to keep general promises, it is another not to honor legal commitments.

What Happened to Rescuing?

Meanwhile, let us not forget: Is there not a company rescue law still in effect? There is, but Mr Ozal is telling troubled businessmen: "Sell everything you have, and pay your debts."

Very true, but then why was that famous law enacted? Has not the government itself violated this very old rule of market economics in the case of some sunken firms for one or another reason even without invoking that famous law?

That is a question that is worth probing, is it not?



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